

# **City of Greenville**

**Montcalm County, Michigan**

**Annual Financial Statements  
and  
Auditors' Report**

**June 30, 2008**

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**City of Greenville**  
**List of Elected and Appointed Officials**  
**June 30, 2008**

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City Council

Kenneth Snow – Mayor

John Hoppough – Mayor Pro-Tem

Mark Lehman – Council Member

Jeanne Cunliffe – Council Member

Larry Moss – Council Member

Lloyd Scoby – Council Member

Corey Smith – Council Member

Other Officers and Officials

George Bosanic – City Manager

Bryan Gruesbeck – Assistant City Manager

Bradley Hool – City Clerk/Treasurer



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## Independent Auditors' Report

To the Honorable Mayor and Members of the City Council  
City of Greenville  
Greenville, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Greenville as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1 to the financial statements, the financial statements do not include financial data for the Greenville Housing Commission, which is a component unit of the City. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the City's primary government unless the City also issued financial statements for the financial reporting entity that include the financial data for its component units. As of the date of this report, the City has not issued such reporting entity statements for the year ended June 30, 2008. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component unit would have been reported for the year ended June 30, 2007.

In our opinion, because of the omission of the discretely presented component unit, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the City of Greenville, as of June 30, 2008, or the changes in financial position thereof for the year then ended.

Further, in our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Greenville as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2008 on our consideration of the City of Greenville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The managements' discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greenville's basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Yeo & Yeo, P.C.*

December 29, 2008  
Alma, Michigan

**City of Greenville**  
**Managements' Discussion and Analysis**

The following is a discussion and analysis of City of Greenville's (the City's) financial performance and position, providing an overview of the activities for the year ended June 30, 2008. This analysis should be read in conjunction with the *Independent Auditors Report* and with the City's financial statements, which follow this section. 2007/2008 represents the fifth year the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Managements' Discussion and Analysis for State and Local Governments*, as amended by GASB Statement No. 37 *Basic Financial Statements and Managements' Discussion and Analysis for State and Local Governments - Omnibus* and Statement No. 38 *Certain Financial Statement Note Disclosures*. This discussion and analysis provides comparisons with the previous year as required by GASB.

**FINANCIAL HIGHLIGHTS**

**Government -wide:**

- Total net assets were \$40,096,448 (excluding component units). An decrease of 2% over the previous year total of \$40,811,202 .
- Governmental activities net assets were \$28,871,469 . An decrease of 1% over the previous year total of \$29,124,550 .
- Business-type activity net assets were \$11,224,979. An decrease of 4% over the previous year total of \$11,686,652 .
- Component Unit net assets were \$545,392. An increase of 48% over the previous year total of \$368,390 .

**Fund Level:**

- At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$3,756,390 with \$979,553 being reserved, designated, or otherwise earmarked for specific purposes.
- The General Fund's budgeted revenue shortfall was \$65,266 due to state revenue sharing decrease and property tax appeals.
- Overall, the General Fund balance increased by \$37,603 to \$1,015,741 with \$842,066 being undesignated and available for general purposes.

**Capital and Long-term Debt Activities:**

- The primary government had no new debt issues for the fiscal year 2007/2008.
- The total long-term debt for the primary government is \$2,456,897 with a net decrease of \$341,302 from the prior year.
- The City remains well below its authorized legal debt limit.
- The total additions to the capital asset schedule for the primary government was \$1,966,482 comprised of additions construction in progress, motor pool equipment, street improvements and industrial park improvements.



**City of Greenville**  
**Managements' Discussion and Analysis**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's annual financial report. The annual financial report of the City consists of the following components: 1) *Independent Auditors Report*; 2) *Managements' Discussion and Analysis* and 3) the *Basic Financial Statements* (government-wide financial statements, fund financial statements, notes to the financial statements), *Required Supplementary Information* such as budget to actual comparisons for the General Fund and major Special Revenue Funds, and *Other Supplementary Information* including combining financial statements for all non-major governmental funds and other funds and other financial data.

**Government-wide Financial Statements (Reporting the City as a Whole)**

The set of government-wide financial statements are made up of the Statement of Net Assets and the Statement of Activities, which report information about the City as a whole, and about its activities. Their purpose is to assist in answering the question, is the City, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned* and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

The Statement of Net Assets (page 4-1 and 4-2) presents all of the City's assets and liabilities, recording the difference between the two as "net assets". Over time, increases or decreases in net assets measure whether the City's financial position is improving or deteriorating.

The Statement of Activities (page 4-3) presents information showing how the City's net assets changed during 2007/2008. All changes in net assets are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

- ***Governmental Activities*** - Most of the City's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. Most of the City's general government departments, law enforcement, economic development, city improvements, street improvements, recreation activities, and other City wide elected official operations and blended component units are reported under these activities.
- ***Business-type Activities*** - These activities operate like private businesses. The City charges fees to recover the cost of the services provided. The Water System Fund and the Sewer System Fund are examples of these activities.
- ***Discretely Presented Component Units*** - Discretely Presented Component units are legally separate organizations for which the City Council and Administration appoints a majority of the organization's policy board and there is a degree of financial accountability to the City. Four authorities are included as a discretely presented component units: the Downtown Development Authority, the Economic Development Corporation, the Local Development Finance Authority, and the Tax Increment Finance Authority. Any remaining component units are blended into the primary government governmental activities as required.

## **City of Greenville**

### **Managements' Discussion and Analysis**

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 4-6 and 4-9 present reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental fund. Capital assets and depreciation expense are reported on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the fund financial statements of the governmental funds.
- Internal service funds are reported as governmental activities on the government-wide statements, but are reported as proprietary funds on the fund financial statements.
- Long-term liabilities, such as amounts accrued for sick and annual leave (compensated absences), etc. appear as liabilities on the government-wide statements; however they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.
- Long-term debt proceeds are reported as liabilities on the government-wide statements, but are recorded as other financing sources on the fund financial statements.

In addition, it should be noted that the government-wide financial statements include the net value of the City's general capital assets such as buildings, land, cars, computer equipment, etc. These values are not included in the fund financial statements.

### **Fund Financial Statements (Reporting the City's Major Funds)**

The fund financial statements, which begin on page 4-4, provide information on the City's significant (major) funds, and aggregated non-major funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City uses to keep track of specific sources of funding and spending for a particular purpose. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

The *basic financial statements* report major funds as defined by the Government Accounting Standards Board (GASB) in separate columns. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues or total expenditures/expenses that equal at least ten (10) percent of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds five (5) percent of those categories for governmental and enterprise funds combined. The major funds for City of Greenville include the General Fund, the Major Street Fund, the Local Street Fund, the Industrial Park Fund, the Special Assessment Fund, the Solid Waste Fund, the Capital Improvements Fund, the Sewer Fund, and the Water Fund. All other funds are classified as non-major funds and are reported in aggregate by the applicable fund type. The City includes detailed information on its non-major funds in the other supplementary information section of this report.

## **City of Greenville**

### **Managements' Discussion and Analysis**

The City's funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

- ***Governmental Funds*** - Most of the City's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the City's programs. Governmental funds include the *General Fund*, as well as *Special Revenue Funds* (use of fund balance is restricted), *Capital Projects Funds* (used to report major capital acquisitions and construction), and *Debt Service Funds* (accounts for resources used to pay long-term debt principal and interest).
- ***Proprietary Funds*** - Services for which the City charges customers (whether outside the City structure or a City department) a fee are generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise funds* report activities that provide supplies and/or services to the general public. An example is the Sewer System Fund. *Internal Service funds* report activities that provide supplies or service to the City's other operations, such as the Motor Pool Fund. Internal Service funds are absorbed into the governmental activities and business-type activities on the government-wide statements.
- ***Fiduciary Funds*** - The City acts as a trustee or fiduciary in certain instances. It is also responsible for other assets that, because of trust arrangements, can only be used for the trust beneficiaries. The City's fiduciary activities are reported in the separate Statement of Net Assets on page 4-16. These funds, which include trust and agency funds, are reported using the accrual basis of accounting. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the City to fund its operations.

#### **Notes to the Financial Statements**

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 4-19 of this report.

#### **Required Supplementary Information**

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes a budgetary comparison schedules for the General Fund and the major special revenue funds.

#### **Other Supplementary Information**

Other Supplementary Information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds, except for the fiduciary funds, are added together, by fund type, and are presented in aggregate single columns in the appropriate basic financial statements.

**City of Greenville**  
**Managements' Discussion and Analysis**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

As previously stated, City of Greenville's combined net assets were \$40,096,448 at the end of this fiscal year's operations. The net assets of the governmental activities were \$28,871,469; the business type activities were \$11,224,979.

**Net Assets as of June 30, 2008**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total Primary Government</u>		<u>Percent Change</u>
	2008	2007	2008	2007	2008	2007	
Current Assets	\$ 15,098,837	\$ 10,215,179	\$ 2,743,082	\$ 2,558,117	\$ 17,841,919	\$ 12,773,296	39.7
Noncurrent Assets	<u>22,435,133</u>	<u>23,644,669</u>	<u>9,451,531</u>	<u>9,857,813</u>	<u>31,886,664</u>	<u>33,502,482</u>	4.8
<b>Total Assets</b>	<b><u>\$ 37,533,970</u></b>	<b><u>\$ 33,859,848</u></b>	<b><u>\$ 12,194,613</u></b>	<b><u>\$ 12,415,930</u></b>	<b><u>\$ 49,728,583</u></b>	<b><u>\$ 46,275,778</u></b>	<b><u>7.5</u></b>
Current Liabilities	6,786,122	2,633,080	654,634	349,278	7,440,756	2,982,358	149.5
Noncurrent Liabilities	<u>1,876,379</u>	<u>2,102,218</u>	<u>315,000</u>	<u>380,000</u>	<u>2,191,379</u>	<u>2,482,218</u>	11.7
<b>Total Liabilities</b>	<b><u>\$ 8,662,501</u></b>	<b><u>\$ 4,735,298</u></b>	<b><u>\$ 969,634</u></b>	<b><u>\$ 729,278</u></b>	<b><u>\$ 9,632,135</u></b>	<b><u>\$ 5,464,576</u></b>	<b><u>76.3</u></b>
Net Assets							
Invested in Capital Assets (Net of related debt)	20,888,069	21,879,056	9,071,531	9,352,813	29,959,600	31,231,869	4.1
Restricted	805,878	596,566	1,296,523	881,370	2,102,401	1,477,936	42.3
Unrestricted	<u>7,177,522</u>	<u>6,648,928</u>	<u>856,925</u>	<u>1,452,469</u>	<u>8,034,447</u>	<u>8,101,397</u>	.1
<b>Total Net Assets</b>	<b><u>\$ 28,871,469</u></b>	<b><u>\$ 29,124,550</u></b>	<b><u>\$ 11,224,979</u></b>	<b><u>\$ 11,686,652</u></b>	<b><u>\$ 40,096,448</u></b>	<b><u>\$ 40,811,202</u></b>	<b><u>1.8</u></b>

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City's primary government net assets changed during the fiscal year:

**City of Greenville**  
**Managements' Discussion and Analysis**

**Changes in Net Assets for the Fiscal Year Ending June 30, 2008**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>		<u>Percent Change</u>
	2008	2007	2008	2007	2008	2007	
<b>Revenues</b>							
Program Revenues							
Charges for Services	\$ 887,326	\$1,214,553	\$1,573,266	\$1,564,038	\$2,460,592	\$2,778,591	(11.4)
Grants and Contributions	5,350,338	2,380,991	271,943	455,156	5,622,281	2,836,147	98.2
General Revenues							
Property Taxes	4,631,255	2,764,020	62,469	62,926	4,693,724	2,826,946	66.0
State Shared Revenue	1,366,482	1,366,325	-	-	1,366,482	1,366,325	-
Investment Earnings	355,110	427,206	86,824	111,407	441,934	538,613	17.9
Transfers	463,851	134,748	(463,851 )	(134,748)	-	-	-
Gain on sale of Assets	69,898	20,795	-	-	69,898	20,795	236.1
Miscellaneous	<u>576,586</u>	<u>477,804</u>	<u>21,862</u>	<u>15,623</u>	<u>598,268</u>	<u>493,427</u>	21.2
<b>Total Revenues</b>	<b><u>13,700,846</u></b>	<b><u>8,786,442</u></b>	<b><u>1,552,333</u></b>	<b><u>2,074,402</u></b>	<b><u>15,253,179</u></b>	<b><u>10,860,844</u></b>	<b><u>40.4</u></b>

**City of Greenville**  
**Managements' Discussion and Analysis**

	<b><u>Governmental</u></b> <b><u>Activities</u></b>		<b><u>Business Type</u></b> <b><u>Activities</u></b>		<b><u>Totals</u></b>		<b><u>Percent</u></b> <b><u>Change</u></b>
	2008	2007	2008	2007	2008	2007	
<b>Expenses</b>							
General Government	\$1,142,092	\$1,358,332	\$	\$ -	\$1,142,092	\$1,358,332	(15.9)
Public Safety	2,010,859	1,929,604		-	2,010,859	1,929,604	4.2
Public Works	3,286,473	2,172,212		-	3,286,473	2,172,212	51.3
Community and Econ. Dev.	6,183,342	579,374	-	-	6,183,342	579,374	967.2
Recreation and Cultural	1,327,789	894,542		-	1,327,789	894,542	48.4
Interest on Long Term Debt	70,905	62,911		-	70,905	62,911	12.7
Other	-	-	606,030	642,580	606,030	642,580	(5.7)
Water and Sewer Operations	-	-	1,407,976	1,431,241	1,407,976	1,431,241	(1.6)
<b>Total Expenses</b>	<b><u>14,021,460</u></b>	<b><u>6,996,975</u></b>	<b><u>2,014,006</u></b>	<b><u>2,073,821</u></b>	<b><u>16,035,466</u></b>	<b><u>9,070,796</u></b>	<b><u>76.8</u></b>
 <b>Change in Net Assets</b>	 <b>(320,614)</b>	 <b>1,789,467</b>	 <b>(461,673)</b>	 <b>581</b>	 <b>(782,287)</b>	 <b>1,790,048</b>	
Net Assets - Beginning	29,192,083	27,402,616	11,686,652	11,686,071	40,878,735	39,088,687	4.6
<b>Net Assets – Ending</b>	<b><u>\$ 28,871,469</u></b>	<b><u>\$29,192,083</u></b>	<b><u>\$ 11,224,979</u></b>	<b><u>\$11,686,652</u></b>	<b><u>\$40,096,448</u></b>	<b><u>\$40,878,735</u></b>	<b><u>1.9</u></b>

**Governmental Activities:**

The result of 2007/2008 governmental activity was an decrease of \$320,614 in net assets to \$28,871,469 . Of the total governmental activities' net assets, \$20,888,069 is invested in capital assets less related debt, \$805,878 is reported as restricted, meaning these assets are legally committed for a specific purpose through statue, or by another authority outside the City government. The balance of \$7,177,522 is listed as unrestricted, having no legal commitment.

**Revenues:**

The three largest revenue categories were property taxes at 33.8%, capital grants and contributions at 7.1%, and state shared revenue at 10.0%. Property taxes are the largest source of governmental activity revenue. The City levied five property tax millages for the year ended June 30, 2008, one being for general government operations at 9.04 mills, which is not assigned to any particular activity, one for City Public Improvements at 2.17 mills, one for Solid Waste Collection at .9073 mills, one for Local Street Operations at .60 mills and one for Transit Operations at .25 mills. Charges for services, which reimburse the City for specific activities, are the third largest source of governmental activity revenue. Examples include rentals, recreation fees, fire protection, and permits.

**City of Greenville**  
**Managements' Discussion and Analysis**

**Expenses:**

Community and economic development is the largest governmental activity, expending approximately 44.1% of the governmental activities total and includes the capital outlay for the industrial park. Public Works is the second largest area, expending approximately 23.4% of the governmental activities total.

**Business-type Activities:**

Net assets in business-type activities decreased by \$461,673 to \$11,224,979 during 2007/2008. Of the business-type activities' net assets, \$9,071,531 is invested in capital assets less related debt and \$1,296,523 is restricted. The balance of \$856,925 is listed as unrestricted, having no legal commitment.

**FINANCIAL ANALYSIS OF THE CITY'S MAJOR AND NON MAJOR FUNDS**

As the City completed 2007/2008, its governmental funds reported *combined* fund balances of \$3,756,390. This is a net decrease of \$441,560. The net changes are summarized in the following charts A and B.

**Chart A**

	<b>General Fund</b>	<b>Major Street Fund</b>	<b>Local Street Fund</b>	<b>Industrial Park Fund</b>
<b>Fund Balance 06/30/08</b>	\$1,015,741	\$ 710,759	\$ 369,940	\$ (308,575)
<b>Fund Balance 06/30/07</b>	\$ 978,138	\$ 774,558	\$ 419,933	\$ (269,269)
<b>Net Change</b>	\$ 37,603	\$ (63,799)	\$ (49,993)	\$ (39,306)

**City of Greenville**  
**Managements' Discussion and Analysis**

**Chart B**

	<b>Special Assessment Fund</b>	<b>Solid Waste Fund</b>	<b>Capital Improve. Fund</b>	<b>Other Non Major Government Funds</b>	<b>Totals</b>
<b>Fund Balance 06/30/08</b>	\$ 144,944	\$ 488,081	\$ 246,678	\$1,088,822	\$ 3,756,390
<b>Fund Balance 06/30/07</b>	\$ 136,524	\$ 477,922	\$ 566,199	\$ 1,113,945	\$4,197,950
<b>Net Change</b>	\$ 8,420	\$ 10,159	\$ (319,521)	\$ (25,123)	\$ (441,560)

**General Fund:**

- The General Fund is the chief operating fund of the City. Unless otherwise required by statute, contractual agreement or Board policy, all City revenues and expenditures are recorded in the General Fund. As of June 30, 2008, the General Fund reported a fund balance of \$1,015,741. This amount is an increase of \$37,603 from the fund balance of \$978,138 reported as of June 30, 2007. Of the entire fund balance \$173,675 is reported as being reserved, designated, or otherwise earmarked for specific purposes.

The General Fund 2007/2008 revenues exceeded 2007/2008 expenditures by \$37,603. The General Fund also supports the operations of other funds including the Community Center Fund, Debt Retirement Fund, Dental & Vision Fund, Health & Life Fund, Motor Pool Fund, Parking Fund, Recreation Fund, and Water Funds. These particular funds collectively received \$290,301 in support from the General Fund.

**General Fund Budgetary Highlights:**

The City of Greenville's budget is a dynamic document. Although adopted in June (prior to the start of the year), the budget is amended during the course of the year to reflect changing operational demands.

Actual General Fund revenue and other financing sources totaled \$4,489,339, \$65,266 below the final amended budget, or a 1.4% decrease over budget.



**City of Greenville**  
**Managements' Discussion and Analysis**

The City's final expenditure budget remained the same compared the original budget during 2007/2008.

Actual City expenditures for 2007/2008 were \$102,869 below the final amended budget. This is due to cost reductions achieved by General Government Departments implementing cost reduction directives.

**Major Streets Fund:**

As of June 30, 2008 the Major Streets Fund reported a fund balance of \$710,759, a decrease of \$63,799 from the prior year. The total fund balance is undesignated/unreserved. Actual Major street revenue and other financing sources totaled \$547,707, \$72,707 above final amended budget less projected use of Fund Balance.

Actual expenditures for 2007/2008 were \$173,014 below the final amended budget. This is due to \$105,134 less than planned transfers out to other funds.

**Local Streets Fund:**

As of June 30, 2008, the Local Streets Fund reported a fund balance of \$369,940, a decrease of \$49,993 from the prior year. The total fund balance is undesignated/ unreserved. Actual Local street revenue and other financing sources totaled \$402,216, \$20,216 above the final amended budget less projected use of Fund Balance. The variations in individual revenue accounts reflect the tightening state economy, intergovernmental revenue sharing and better than project investment returns.

Actual expenditures for 2007/2008 were \$265,691 below the final amended budget. This is due to less than planned expenditures in General Street Maintenance and Capital Improvements and less than planned transfers out to other funds.

**Industrial Park Fund:**

As of June 30, 2008, the Industrial Park Fund reported a deficit fund balance of \$308,575 which is a decrease of \$39,306 from the prior year. The decrease resulted in capital outlay exceeding the federal grants received. The total fund balance is undesignated/unreserved and proposed to be used for future park improvements.

**City of Greenville**  
**Managements' Discussion and Analysis**

**Special Assessment Fund:**

As of June 30, 2008, the Special Assessment Fund reported a fund balance \$144,944, which is an increase of \$8,420 from the prior year. The total fund balance is undesignated/unreserved.

**Solid Waste Fund:**

As of June 30, 2008, the Solid Waste Fund reported a fund balance of \$488,081, which is an increase of \$10,159 from the prior year. The total fund balance is undesignated/unreserved.

**Capital Improvement Fund:**

As of June 30, 2008, the Capital Improvement Fund reported a fund balance \$246,678, which is an decrease of \$319,521 from the prior year. The total fund balance is undesignated/unreserved.

This Fund functions as a clearing fund for all capital projects, and as such the Fund Balance will vary as projects can be undertaken over multiple years.

As the City completed 2007/2008, its business type activities funds reported *combined* fund balances of \$11,100,328. This is a net decrease of \$499,674. The net changes are summarized in the following chart C.

**Chart C**

	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Non Major Enterprise Funds</b>	<b>Totals</b>
<b>Net Assets 06/30/08</b>	\$ 6,801,908	\$ 3,539,144	\$ 759,276	\$ 11,100,328
<b>Net Assets 06/30/07</b>	\$ 7,097,253	\$ 3,623,029	\$ 879,720	\$ 11,600,002
<b>Net Change</b>	\$ (295,345 )	\$ (83,885)	\$ (120,444)	\$ (499,674)

**City of Greenville**  
**Managements' Discussion and Analysis**

**Sewer Fund:**

As of June 30, 2008, the Sewer Fund reported net assets of \$6,801,908, a decrease of \$295,345 from the prior year, due to capital improvements. Of the entire net assets \$1,296,523 is reserved, designated, or otherwise earmarked for specific purposes.

**Water Fund:**

As of June 30, 2008, the Water Fund reported net assets of \$3,539,144, an decrease of \$83,885 from the prior year. The total net assets is undesignated/unreserved

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets - At the end of Fiscal Year 2007/2008, the City had invested \$31,886,664 for the primary government and \$5,767,240 for the component units, net of accumulated depreciation, in a broad range of capital assets (see table below). Accumulated depreciation was \$23,552,583 for the primary government and \$706,034 for the component units. Depreciation charges for the fiscal year totaled \$1,402,034 for the primary government and \$157,031 for the component units. Additional information related to capital assets is detailed in Note 5 of the Financial Statements. Net Book value of capital assets at June 30, 2008 was as follows:

	<b>Governmental Activities</b>	<b>Business - type Activities</b>	<b>Component Unit DDA</b>	<b>Total</b>
Land	\$ 3,157,165	\$ 387,066	\$ 192,044	\$ 3,736,275
Construction in Progress	392,444	-	-	392,444
Land Improvements, Net	1,183,347	219,943	-	1,403,290
Infrastructure, net	14,911,189	-	5,575,196	20,486,385
Buildings, net	1,648,618	2,869,352	-	4,517,970
Vehicles, net	883,165	156,951	-	1,040,116
Machinery and equipment, net	259,205	465,541	-	724,746
Sewer system, net	-	3,223,456	-	3,223,456
Water system, net	-	2,129,222	-	2,129,222
 Capital assets, net	 <u><b>\$ 22,435,133</b></u>	 <u><b>\$ 9,451,531</b></u>	 <u><b>\$ 5,767,240</b></u>	 <u><b>\$ 37,653,904</b></u>

**City of Greenville**  
**Managements' Discussion and Analysis**

Long-term Debt - As of June 30, 2008, the City had \$2,456,897 in loans outstanding for the primary government. This level of net obligation is \$341,302 less than the obligations recorded as of June 30, 2007.

**Outstanding Debt as of June 30, 2008:**

<b>Primary Government</b>	<b><u>July 1, 2007</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>June 30, 2008</u></b>
Governmental Activities				
General Obligation Bonds	\$ 90,000	\$ -	\$ 30,000	\$ 60,000
Special Assessment Bonds	160,000	-	50,000	110,000
Capital Improvement Bonds	310,000	-	5,000	305,000
Contract Payable	1,121,228	-	78,679	1,042,549
Compensated Absences	554,366	-	24,533	529,833
Capital Lease	57,605	-	28,090	29,515
Business-type Activities				
General Obligation Bonds	<u>505,000</u>	<u>-</u>	<u>125,000</u>	<u>380,000</u>
<b>Total Primary Government</b>	<b>\$ 2,798,199</b>	<b>\$ -</b>	<b>\$ 341,302</b>	<b>\$ 2,456,897</b>
<b>Component Unit</b>				
General Obligation Bonds	4,265,000	-	200,000	4,065,000
Tax Increment Bonds	180,000	-	85,000	95,000
Installment Purchase	<u>1,444,098</u>	<u>-</u>	<u>131,483</u>	<u>1,312,615</u>
<b>Total Component Unit</b>	<b>\$ 5,889,098</b>	<b>\$ -</b>	<b>\$ 416,483</b>	<b>\$ 5,472,615</b>
<b>Total Reporting Entity</b>	<b>\$ 8,687,297</b>	<b>\$ -</b>	<b>\$ 757,785</b>	<b>\$ 7,929,512</b>

**City of Greenville**  
**Managements' Discussion and Analysis**

Activity for the Component Units during 2007/2008 included the payment of \$416,483 for debt retirement.

A more detailed discussion of the City's long-term debt obligations is presented in Note 8 to the financial statements.

**CITY OF GREENVILLE GOVERNMENT ECONOMIC OUTLOOK:**

- State revenue sharing has declined \$432,000 over the past seven years, and has face additional cuts due to state budget concerns.
- Property tax revenue has not kept pace with inflation.
- The City has had its major employer close its manufacturing facility in fiscal 2006. This resulted in a 30% loss in the City's tax base for the fiscal 2008 budget, the 2008 budget is balanced with no draw from fund balance.
- Two large manufacturing operations have located in Greenville since the 2006 manufacturing loss. United Solar and Aga bring an investment in land and equipment of over two Hundred million dollars. Other Manufactures have expressed interest in the community and started construction ..
- Health and dental insurance premiums have risen much faster than the rate of inflation, in 2008 the City implemented a Health Savings Account Insurance Plan that resulted in no premium increase for the 2009 budget year.
- Retirement costs have increased due to poor stock market performance over the last several years but were stable for fiscal 08.
- Utility costs are rising faster than the rate of inflation.
- The City is experiencing and increase in commercial and industrial tax appeals, which increase legal cost.
- Hazard/Liability Insurance costs have risen faster than the rate of inflation for fiscal 08 insurance cost were repacked and reduced \$50,000

These factors were considered in adopting the Budget for 2008/2009. The fiscal 2009 budget was adopted without drawing from the City's fund balance to balance the General Fund Budget, as the City continues to look for ways to increase efficiencies and reduce the cost of doing business.

**CONTACTING THE TREASURER**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the City of Greenville's Treasurer's Office at (616) 754-5645.

**City of Greenville**  
**Statement of Net Assets**  
**June 30, 2008**

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
<b>Assets</b>				
Cash and cash equivalents	\$ 4,801,537	\$ 849,226	\$ 5,650,763	\$ 455,788
Investments	1,888,706	-	1,888,706	-
Receivables				
Taxes	314,735	-	314,735	-
Customers	2,084,753	385,506	2,470,259	-
Special assessments	482,984	-	482,984	-
Accrued interest and other	37,509	11,296	48,805	-
Due from other units of government	5,363,868	33,692	5,397,560	1,183
Internal balances	(129,281)	129,281	-	-
Due from fiduciary funds	-	-	-	97
Due from component unit	80,351	274	80,625	-
Inventories	104,632	36,767	141,399	-
Prepaid items	69,043	517	69,560	-
Restricted assets				
Investments	-	1,296,523	1,296,523	-
Non-depreciable capital assets	3,549,609	387,066	3,936,675	192,044
Depreciable capital assets, net	18,885,524	9,064,465	27,949,989	5,575,196
Total assets	37,533,970	12,194,613	49,728,583	6,224,308
<b>Liabilities</b>				
Accounts payable	6,227,229	549,495	6,776,724	51,480
Accrued and other liabilities	117,958	39,221	157,179	65,079
Due to primary government	-	-	-	89,742
Due to other units of government	240,417	-	240,417	-
Deferred revenue	-	918	918	-
Noncurrent liabilities				
Due within one year	200,518	65,000	265,518	447,024
Due in more than one year	1,876,379	315,000	2,191,379	5,025,591
Total liabilities	8,662,501	969,634	9,632,135	5,678,916

See Accompanying Notes to Financial Statements

**City of Greenville**  
**Statement of Net Assets**  
**June 30, 2008**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Net Assets</b>				
Invested in capital assets, net of related debt	\$ 20,888,069	\$ 9,071,531	\$ 29,959,600	\$ 294,625
Restricted for:				
Debt service	65	-	65	-
Bond reserves	-	1,296,523	1,296,523	-
Capital projects	566,420	-	566,420	-
Perpetual care	239,393	-	239,393	-
Unrestricted	<u>7,177,522</u>	<u>856,925</u>	<u>8,034,447</u>	<u>250,767</u>
 Total net assets	 <u>\$ 28,871,469</u>	 <u>\$ 11,224,979</u>	 <u>\$ 40,096,448</u>	 <u>\$ 545,392</u>

See Accompanying Notes to Financial Statements

**City of Greenville**  
**Statement of Activities**  
**For the Year Ended June 30, 2008**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
Governmental activities								
General government	\$ 1,142,092	\$ 90,943	\$ 22,653	\$ -	\$ (1,028,496)	\$ -	\$ (1,028,496)	\$ -
Public safety	2,010,859	113,759	4,231	-	(1,892,869)	-	(1,892,869)	-
Public works	3,286,473	627,948	-	1,107,178	(1,551,347)	-	(1,551,347)	-
Community and economic development	6,183,342	-	25,786	4,161,161	(1,996,395)	-	(1,996,395)	-
Recreation and culture	1,327,789	54,676	29,329	-	(1,243,784)	-	(1,243,784)	-
Interest on long-term debt	70,905	-	-	-	(70,905)	-	(70,905)	-
Total governmental activities	14,021,460	887,326	81,999	5,268,339	(7,783,796)	-	(7,783,796)	-
Business-type activities								
Sewer	836,262	782,880	13,386	-	-	(39,996)	(39,996)	-
Water	571,714	634,734	13,175	-	-	76,195	76,195	-
Other	606,030	155,652	245,382	-	-	(204,996)	(204,996)	-
Total business-type activities	2,014,006	1,573,266	271,943	-	-	(168,797)	(168,797)	-
Total primary government	\$ 16,035,466	\$ 2,460,592	\$ 353,942	\$ 5,268,339	(7,783,796)	(168,797)	(7,952,593)	-
<b>Component unit</b>								
Downtown Development Authority	467,246	-	-	-	-	-	-	(467,246)
Tax increment financing authority	179,456	-	-	-	-	-	-	(179,456)
Local development finance authority	67,660	-	-	-	-	-	-	(67,660)
Total component unit	\$ 714,362	\$ -	\$ -	\$ -	-	-	-	(714,362)
General revenues								
Property taxes					4,631,255	62,469	4,693,724	879,165
State shared revenue					1,366,482	-	1,366,482	-
Unrestricted investment earnings					355,110	86,824	441,934	12,001
Gain on sale of capital assets					69,898	-	69,898	-
Insurance recoveries					27,115	-	27,115	-
Miscellaneous					549,471	21,682	571,153	198
Transfers					463,851	(463,851)	-	-
Total general revenues and transfers					7,463,182	(292,876)	7,170,306	891,364
Change in net assets					(320,614)	(461,673)	(782,287)	177,002
Net assets - beginning of year (restated)					29,192,083	11,686,652	40,878,735	368,390
Net assets - end of year					\$ 28,871,469	\$ 11,224,979	\$ 40,096,448	\$ 545,392

See Accompanying Notes to Financial Statements



**City of Greenville**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2008**

	General	Special Revenue Funds					Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Major Street	Local Street	Industrial Park Development	Special Assessments	Solid Waste	Capital Improvements		
<b>Assets</b>									
Cash and cash equivalents	\$ 653,653	\$ 217,930	\$ 344,064	\$ -	\$ 136,634	\$ 399,016	\$ 403,993	\$ 1,062,676	\$ 3,217,966
Investments	1,164,309	375,182	-	-	-	-	-	-	1,539,491
Receivables									
Taxes	314,735	-	-	-	-	-	-	-	314,735
Customers	1,914,779	-	-	-	-	163,324	-	922	2,079,025
Special assessments	-	-	-	-	482,984	-	-	-	482,984
Accrued interest and other	3,883	4,130	-	-	-	-	-	-	8,013
Due from other units of government	239,449	87,069	25,697	4,853,044	-	-	158,609	-	5,363,868
Due from other funds	26,971	28,746	-	93,800	-	-	6,591	64,487	220,595
Due from component unit	68,025	-	655	-	8,310	991	2,370	-	80,351
Inventories	104,632	-	-	-	-	-	-	-	104,632
Prepaid items	69,043	-	-	-	-	-	-	-	69,043
<b>Total assets</b>	<b>\$ 4,559,479</b>	<b>\$ 713,057</b>	<b>\$ 370,416</b>	<b>\$ 4,946,844</b>	<b>\$ 627,928</b>	<b>\$ 563,331</b>	<b>\$ 571,563</b>	<b>\$ 1,128,085</b>	<b>\$ 13,480,703</b>

See Accompanying Notes to Financial Statements

**City of Greenville**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2008**

		Special Revenue Funds					Capital Projects Fund		
	General	Major Street	Local Street	Industrial Park Development	Special Assessments	Solid Waste	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>Liabilities</b>									
Accounts payable	\$ 1,236,880	\$ 2,298	\$ 476	\$ 4,844,527	\$ -	\$ 75,250	\$ 9,683	\$ 33,233	\$ 6,202,347
Accrued and other liabilities	95,751	-	-	-	-	-	-	5,026	100,777
Due to other funds	13,908	-	-	-	-	-	188,006	1,004	202,918
Due to other units of government	240,417	-	-	-	-	-	-	-	240,417
Deferred revenue	1,956,782	-	-	410,892	482,984	-	127,196	-	2,977,854
<b>Total liabilities</b>	<b>3,543,738</b>	<b>2,298</b>	<b>476</b>	<b>5,255,419</b>	<b>482,984</b>	<b>75,250</b>	<b>324,885</b>	<b>39,263</b>	<b>9,724,313</b>
<b>Fund Balances</b>									
Reserved for:									
Debt service	-	-	-	-	-	-	-	65	65
Prepays and inventory	173,675	-	-	-	-	-	-	-	173,675
Capital projects	-	-	-	-	-	-	246,678	319,742	566,420
Perpetual care	-	-	-	-	-	-	-	239,393	239,393
Unreserved, reported in:									
General fund	842,066	-	-	-	-	-	-	-	842,066
Special revenue funds (deficit)	-	710,759	369,940	(308,575)	144,944	488,081	-	529,622	1,934,771
<b>Total fund balances (deficit)</b>	<b>1,015,741</b>	<b>710,759</b>	<b>369,940</b>	<b>(308,575)</b>	<b>144,944</b>	<b>488,081</b>	<b>246,678</b>	<b>1,088,822</b>	<b>3,756,390</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,559,479</b>	<b>\$ 713,057</b>	<b>\$ 370,416</b>	<b>\$ 4,946,844</b>	<b>\$ 627,928</b>	<b>\$ 563,331</b>	<b>\$ 571,563</b>	<b>\$ 1,128,085</b>	<b>\$ 13,480,703</b>

See Accompanying Notes to Financial Statements

**City of Greenville**  
**Governmental Funds**  
**Reconciliation of Fund Balances of Governmental Funds**  
**to Net Assets of Governmental Activities**  
**June 30, 2008**

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<b>Total fund balances for governmental funds</b>	\$ 3,756,390
Total net assets for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	22,027,106
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	2,977,854
Certain liabilities are not due and payable in the current period and are not reported in the funds. Accrued interest	(15,158)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	(1,517,549)
Internal service funds are included as part of governmental activities.	<u>1,642,826</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 28,871,469</u></b>

See Accompanying Notes to Financial Statements

**City of Greenville**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2008**

	Special Revenue Funds						Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Street	Local Street	Industrial Park Development	Special Assessments	Solid Waste	Capital Improvements		
<b>Revenues</b>									
Taxes	\$ 1,994,825	\$ -	\$ 120,151	\$ -	\$ -	\$ 170,164	\$ 434,548	\$ -	\$ 2,719,688
Licenses and permits	10,870	-	-	-	-	2,310	-	-	13,180
Federal grants	-	-	-	4,442,152	-	-	1,039,597	-	5,481,749
State revenue sharing	761,661	448,001	156,820	-	-	-	-	-	1,366,482
Other state grants	3,981	67,581	-	-	-	-	78,182	29,579	179,323
Local contributions	22,653	-	-	-	25,786	-	504,616	-	553,055
Charges for services	163,622	-	-	-	-	717,187	-	56,926	937,735
Fines and forfeitures	38,830	-	-	-	-	3,564	-	-	42,394
Interest income	188,446	32,125	10,245	-	31,766	7,421	5,961	17,462	293,426
Rental income	51,885	-	-	-	-	12,000	-	47,772	111,657
Other revenue	219,919	-	-	-	105,505	11,527	81,847	19,016	437,814
<b>Total revenues</b>	<b>3,456,692</b>	<b>547,707</b>	<b>287,216</b>	<b>4,442,152</b>	<b>163,057</b>	<b>924,173</b>	<b>2,144,751</b>	<b>170,755</b>	<b>12,136,503</b>
<b>Expenditures</b>									
Current									
General government	904,268	-	-	-	-	-	-	-	904,268
Public safety	1,340,638	-	-	-	-	-	-	-	1,340,638
Public works	495,775	286,525	331,200	-	-	837,589	-	-	1,951,089
Community and economic development	52,675	-	-	-	-	-	-	-	52,675
Recreation and culture	67,733	-	-	-	-	-	-	191,250	258,983
Other functions	1,299,021	-	-	2,159	-	-	23,750	-	1,324,930
Capital outlay	1,325	-	-	4,730,590	-	-	2,538,349	-	7,270,264
Debt service									
Principal retirement	-	-	-	-	124,154	-	-	39,525	163,679
Interest and fiscal charges	-	-	-	-	30,483	-	-	42,966	73,449
<b>Total expenditures</b>	<b>4,161,435</b>	<b>286,525</b>	<b>331,200</b>	<b>4,732,749</b>	<b>154,637</b>	<b>837,589</b>	<b>2,562,099</b>	<b>273,741</b>	<b>13,339,975</b>
Excess (deficiency) of revenues over expenditures	(704,743)	261,182	(43,984)	(290,597)	8,420	86,584	(417,348)	(102,986)	(1,203,472)

See Accompanying Notes to Financial Statements

**City of Greenville**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2008**

	Special Revenue Funds						Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Street	Local Street	Industrial Park Development	Special Assessments	Solid Waste	Capital Improvements		
<b>Other financing sources (uses)</b>									
Transfers in	\$ 1,005,532	\$ -	\$ 115,000	\$ -	\$ -	\$ -	\$ 125,222	\$ 152,551	\$ 1,398,305
Transfers out	(290,301)	(324,981)	(121,009)	(19,655)	-	(76,425)	(27,395)	(74,688)	(934,454)
Insurance recoveries	27,115	-	-	-	-	-	-	-	27,115
Sale of fixed assets	-	-	-	270,946	-	-	-	-	270,946
Total other financing sources and uses	<u>742,346</u>	<u>(324,981)</u>	<u>(6,009)</u>	<u>251,291</u>	<u>-</u>	<u>(76,425)</u>	<u>97,827</u>	<u>77,863</u>	<u>761,912</u>
Net change in fund balance	37,603	(63,799)	(49,993)	(39,306)	8,420	10,159	(319,521)	(25,123)	(441,560)
Fund balance (deficit) - beginning of year	<u>978,138</u>	<u>774,558</u>	<u>419,933</u>	<u>(269,269)</u>	<u>136,524</u>	<u>477,922</u>	<u>566,199</u>	<u>1,113,945</u>	<u>4,197,950</u>
Fund balance (deficit) - end of year	<u>\$ 1,015,741</u>	<u>\$ 710,759</u>	<u>\$ 369,940</u>	<u>\$ (308,575)</u>	<u>\$ 144,944</u>	<u>\$ 488,081</u>	<u>\$ 246,678</u>	<u>\$ 1,088,822</u>	<u>\$ 3,756,390</u>

See Accompanying Notes to Financial Statements

**City of Greenville**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2008**

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**Net change in fund balances - Total governmental funds** \$ (441,560)

Total change in net assets reported for governmental activities in the statement of activities  
is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those  
assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(884,681)
Capital outlay	(108,119)
Sale of capital assets	(201,673)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue  
in the funds.

Special assessments	(105,983)
Grants	(863,789)
Property taxes	1,911,567

Expenses are recorded when incurred in the statement of activities

Accrued interest	2,544
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Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in  
fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not  
affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds  
but reduces the liability in the statement of net assets.

Repayments of long-term debt	163,679
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Internal service funds are also included as governmental activities	<u>207,401</u>
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<b>Change in net assets of governmental activities</b>	<b><u>\$ (320,614)</u></b>
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See Accompanying Notes to Financial Statements

**City of Greenville**  
**Proprietary Funds**  
**Statement of Net Assets**  
**June 30, 2008**

	Enterprise Funds				Internal Service Funds
	Sewer	Water	Nonmajor Enterprise Funds	Total	
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 220,845	\$ 549,816	\$ 78,565	\$ 849,226	\$ 1,583,571
Investments	-	-	-	-	349,215
Receivables					
Customers	213,281	159,322	12,903	385,506	5,728
Accrued interest and other	11,296	-	-	11,296	3,529
Due from other units of government	-	-	33,692	33,692	-
Due from other funds	-	52,515	3,657	56,172	3,660
Due from component unit	-	-	274	274	-
Inventories	-	36,767	-	36,767	-
Prepaid items	-	-	517	517	-
Total current assets	<u>445,422</u>	<u>798,420</u>	<u>129,608</u>	<u>1,373,450</u>	<u>1,945,703</u>
Noncurrent assets					
Restricted assets					
Investments	1,296,523	-	-	1,296,523	-
Capital assets, net	<u>5,867,869</u>	<u>2,776,584</u>	<u>807,078</u>	<u>9,451,531</u>	<u>408,027</u>
Total noncurrent assets	<u>7,164,392</u>	<u>2,776,584</u>	<u>807,078</u>	<u>10,748,054</u>	<u>408,027</u>
Total assets	<u>7,609,814</u>	<u>3,575,004</u>	<u>936,686</u>	<u>12,121,504</u>	<u>2,353,730</u>

See Accompanying Notes to Financial Statements

**City of Greenville**  
**Proprietary Funds**  
**Statement of Net Assets**  
**June 30, 2008**

	Enterprise Funds				
	Sewer	Water	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Liabilities</b>					
Current liabilities					
Accounts payable	\$ 359,260	\$ 28,068	\$ 162,167	\$ 549,495	\$ 24,882
Accrued and other liabilities	17,104	7,792	14,325	39,221	2,023
Due to other funds	51,542	-	-	51,542	-
Deferred revenue	-	-	918	918	-
Current portion of noncurrent liabilities	65,000	-	-	65,000	-
Total current liabilities	492,906	35,860	177,410	706,176	26,905
Noncurrent liabilities					
Capital lease liability	-	-	-	-	29,515
Compensated absences payable	-	-	-	-	529,833
Long-term debt net of current portion	315,000	-	-	315,000	-
Total noncurrent liabilities	315,000	-	-	315,000	559,348
Total liabilities	807,906	35,860	177,410	1,021,176	586,253
<b>Net Assets</b>					
Invested in capital assets, net of related debt	5,487,869	2,776,584	807,078	9,071,531	408,027
Restricted for:					
Bond reserve	1,296,523	-	-	1,296,523	-
Unrestricted (deficit)	17,516	762,560	(47,802)	732,274	1,359,450
Total net assets	\$ 6,801,908	\$ 3,539,144	\$ 759,276	11,100,328	\$ 1,767,477
Some amounts reported for business-type activities in the statement of net assets are different because certain internal service funds assets and liabilities are reported with business-type activities				124,651	
Net assets of business-type activities				\$ 11,224,979	

See Accompanying Notes to Financial Statements



**City of Greenville**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Year Ended June 30, 2008**

	Enterprise Funds				Internal Service Funds
	Sewer	Water	Nonmajor Enterprise Funds	Total	
<b>Operating revenue</b>					
Customer fees	\$ 782,880	\$ 634,734	\$ 153,172	\$ 1,570,786	\$ -
Billings to other funds	-	-	-	-	924,455
Rental income	-	-	2,480	2,480	585,761
Other revenue	2,710	110	18,862	21,682	95,182
Total operating revenue	785,590	634,844	174,514	1,594,948	1,605,398
<b>Operating expenses</b>					
Personnel services	351,312	199,252	327,012	877,576	803,652
Supplies	49,680	65,642	115,902	231,224	90,019
Contractual services	70,932	47,402	8,254	126,588	7,130
Utilities	71,397	97,465	10,703	179,565	83,282
Repairs and maintenance	30,826	2,994	-	33,820	105,448
Other expenses	52,341	68,640	43,950	164,931	214,534
Capital outlay	-	4,241	-	4,241	7,169
Depreciation	204,203	98,092	103,987	406,282	111,071
Total operating expenses	830,691	583,728	609,808	2,024,227	1,422,305
Operating income (loss)	(45,101)	51,116	(435,294)	(429,279)	183,093

**City of Greenville**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Year Ended June 30, 2008**

	Enterprise Funds				
			Nonmajor		
	Sewer	Water	Enterprise Funds	Total	Internal Service Funds
<b>Nonoperating revenue (expenses)</b>					
Property taxes	\$ -	\$ -	\$ 62,469	\$ 62,469	\$ -
Federal grant	-	-	78,029	78,029	-
State grant	-	-	155,353	155,353	-
Interest income	82,028	2,940	1,856	86,824	61,684
Gain on sale of assets	-	-	-	-	625
Interest expense	(27,780)	-	-	(27,780)	-
	<u>54,248</u>	<u>2,940</u>	<u>297,707</u>	<u>354,895</u>	<u>62,309</u>
Total nonoperating revenues					
Income (loss) before contributions and transfers	9,147	54,056	(137,587)	(74,384)	245,402
Local contributions	13,386	13,175	12,000	38,561	-
Transfers in	-	13,000	124,751	137,751	54,000
Transfers out	(317,878)	(164,116)	(119,608)	(601,602)	(54,000)
	<u>(295,345)</u>	<u>(83,885)</u>	<u>(120,444)</u>	<u>(499,674)</u>	<u>245,402</u>
Change in net assets					
Net assets - beginning of year	<u>7,097,253</u>	<u>3,623,029</u>	<u>879,720</u>		<u>1,522,075</u>
Net assets - end of year	<u>\$ 6,801,908</u>	<u>\$ 3,539,144</u>	<u>\$ 759,276</u>		<u>\$ 1,767,477</u>
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities				<u>38,001</u>	
Change in net assets of business-type activities				<u>\$ (461,673)</u>	

See Accompanying Notes to Financial Statements

**City of Greenville**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2008**

	Business-type Activities - Enterprise Funds				
	Sewer	Water	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities</b>					
Receipts from customers	\$ 794,243	\$ 651,855	\$ 155,792	\$ 1,601,890	\$ 1,559,906
Receipts from other funds	51,542	-	-	51,542	-
Payments to other funds	-	(230,167)	-	(230,167)	-
Payments to suppliers	104,362	(199,252)	(189,305)	(284,195)	(586,011)
Payments to employees	(351,312)	(45,301)	(326,220)	(722,833)	(759,489)
Net cash provided (used) by operating activities	<u>558,799</u>	<u>177,135</u>	<u>(359,733)</u>	<u>376,201</u>	<u>214,406</u>
<b>Cash flows from noncapital financing activities</b>					
Transfer from other funds	-	13,000	124,751	137,751	54,000
Transfers to other funds	(317,878)	(164,116)	(119,608)	(601,602)	(54,000)
Advances from other funds	-	-	12,000	12,000	-
Property taxes	-	-	50,063	50,063	-
Federal grant	-	-	78,029	78,029	-
State grant	-	-	155,353	155,353	-
Net cash provided (used) by noncapital financing activities	<u>(317,878)</u>	<u>(151,116)</u>	<u>300,588</u>	<u>(168,406)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>					
Proceeds from special assessments	-	-	12,406	12,406	-
Purchases/construction of capital assets	-	-	-	-	(28,475)
Capital lease	-	-	-	-	(28,090)
Principal and interest paid on long-term debt	(152,780)	-	-	(152,780)	-
Net cash provided (used) by capital and related financing activities	<u>(139,394)</u>	<u>13,175</u>	<u>12,406</u>	<u>(113,813)</u>	<u>(56,565)</u>

See Accompanying Notes to Financial Statements

**City of Greenville**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2008**

	Business-type Activities - Enterprise Funds				
	Sewer	Water	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from investing activities</b>					
Proceeds from sales and maturities of investments	\$ -	\$ -	\$ -	\$ -	\$ 57,213
Purchases of investments	(415,153)	-	-	(415,153)	(6,104)
Interest received	82,028	2,940	1,856	86,824	61,684
Net cash provided (used) by investing activities	(333,125)	2,940	1,856	(328,329)	112,793
Net change in cash and cash equivalents	(231,598)	42,134	(44,883)	(234,347)	270,634
Cash and cash equivalents - beginning of year	452,443	507,682	123,448	1,083,573	1,312,937
Cash and cash equivalents - end of year	<u>\$ 220,845</u>	<u>\$ 549,816</u>	<u>\$ 78,565</u>	<u>\$ 849,226</u>	<u>\$ 1,583,571</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ (45,101)	\$ 51,116	\$ (435,294)	\$ (429,279)	\$ 183,093
Adjustments to reconcile operating income to net cash from operating activities					
Depreciation and amortization expense	204,203	98,092	103,987	406,282	111,071
Changes in assets and liabilities					
Receivables (net)	8,653	17,011	(11,955)	13,709	623
Due from other units of government	-	-	(32,371)	(32,371)	-
Due from other funds	-	5,410	(3,657)	1,753	(3,660)
Due from component unit	-	-	(274)	(274)	-
Inventories	-	4,622	-	4,622	-
Prepaid items	-	884	(517)	367	-
Accounts payable	337,933	-	22,392	360,325	(52,371)
Accrued and other liabilities	1,569	-	792	2,361	(24,350)
Due to other funds	51,542	-	-	51,542	-
Deferred revenue	-	-	(2,836)	(2,836)	-
Net cash provided (used) by operating activities	<u>\$ 558,799</u>	<u>\$ 177,135</u>	<u>\$ (359,733)</u>	<u>\$ 376,201</u>	<u>\$ 214,406</u>

See Accompanying Notes to Financial Statements

**City of Greenville**  
**Fiduciary Funds**  
**Statement of Net Assets**  
**June 30, 2008**

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	Agency Funds	Private Purpose Trust Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 283,530	\$ 5,407
Due from component unit	<u>9,117</u>	<u>-</u>
Total assets	<u>\$ 292,647</u>	<u>5,407</u>
<b>Liabilities</b>		
Due to other funds	\$ 25,967	-
Due to component unit	97	-
Due to other units of government	<u>266,583</u>	<u>-</u>
Total liabilities	<u>\$ 292,647</u>	<u>-</u>
<b>Net Assets</b>		
Held in trust for private purposes		<u>\$ 5,407</u>

**City of Greenville**  
**Fiduciary Funds**  
**Statement of Changes in Net Assets**  
**For the Year Ended June 30, 2008**

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	Private Purpose Trust Fund
<b>Additions</b>	
Contributions	\$ 2,650
Interest Earned	<u>74</u>
Total contributions	<u>2,724</u>
<b>Deductions</b>	
Capital Outlay	<u>4,068</u>
Change in net assets	(1,344)
Net assets - beginning of year	<u>6,751</u>
Net assets - end of year	<u><u>\$ 5,407</u></u>

**City of Greenville**  
**Component Unit Funds**  
**Combining Statement of Net Assets**  
**June 30, 2008**

	Downtown Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	Total Component Units
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 249,627	\$ 94,794	\$ 111,367	\$ 455,788
Due from other units of government	36	-	-	36
Due from primary government	97	-	-	97
	<u>249,760</u>	<u>94,794</u>	<u>111,367</u>	<u>455,921</u>
Total current assets				
Noncurrent assets				
Capital assets, net	5,767,240	-	-	5,767,240
	<u>6,017,000</u>	<u>94,794</u>	<u>111,367</u>	<u>6,223,161</u>
Total assets				
<b>Liabilities</b>				
Current liabilities				
Accounts payable	836	50,644	-	51,480
Accrued and other liabilities	49,182	-	15,897	65,079
Due to other funds	66,472	-	23,270	89,742
Current portion of noncurrent liabilities	218,674	-	228,350	447,024
	<u>335,164</u>	<u>50,644</u>	<u>267,517</u>	<u>653,325</u>
Total current liabilities				
Noncurrent liabilities				
Long-term debt net current portion	3,979,853	-	1,045,738	5,025,591
	<u>4,315,017</u>	<u>50,644</u>	<u>1,313,255</u>	<u>5,678,916</u>
Total liabilities				
<b>Net Assets</b>				
Invested in capital assets, net of related debt	1,568,713	-	-	1,568,713
Unrestricted (deficit)	133,270	44,150	(1,201,888)	(1,024,468)
	<u>1,701,983</u>	<u>44,150</u>	<u>(1,201,888)</u>	<u>544,245</u>
Total net assets (deficit)				

**City of Greenville**  
**Notes to Financial Statements**  
**June 30, 2008**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting entity**

City of Greenville has six City Council members who are elected at large for overlapping four year terms and a Mayor elected at large for a two year term. The Council appoints the City Manager, Clerk/Treasurer, and Assessor. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Discretely Presented Component Units – The component unit column in the entity wide financial statements include the financial data of the City's Downtown Development Authority, Economic Development Corporation, Tax Increment Finance Authority, and the Local Development Finance Authority.

Downtown Development Authority – A majority of the members of the governing board of the Downtown Development Authority are appointed by the City Council. The City also has the ability to significantly influence operations of the Downtown Development Authority.

Economic Development Corporation – A majority of the members of the governing board of the Economic Development Corporation are appointed by the City Council. The City also has the ability to significantly influence operations of the Economic Development Corporation.

Tax Increment Finance Authority – A majority of the members of the governing board of the Tax Increment Finance Authority are appointed by the City Council. The City also has the ability to significantly influence operations of the Tax Increment Finance Authority.

Local Development Finance Authority – The members of the governing board of the Local Development Finance Authority are appointed by the Mayor of the City. The budget and expenditures of the Local Development Finance Authority must be approved by the City Council. The City also has the ability to significantly influence operations of the Local Development Finance Authority.

The Greenville Housing Commission is a component unit that was established by City Council to provide low rent housing. The financial activity has not been included as part of the City's financial statements because audited information is not available in a timely manner. The following summarized information is provided in accordance with the Michigan Committee on Governmental Accounting and Auditing Statement No. 5.

The most recent audited financial statements for the Greenville Housing Commission are for the year ended June 30, 2007. Total assets, liabilities, and equity as of June 30, 2007, were \$3,011,063, \$591,535, and \$2,419,528, respectively.

Blended Component Units – A blended component unit is a legally separate entity from the City, but is so intertwined with the City that it is in substance the same as the city. It is reported as part of the City and blended into the appropriate funds.

Building Authority – The City of Greenville's Building Authority has been included as part of the City's financial statements since the City appoints the governing authority, designated management and has significant influence over the operations of the Building Authority.



**City of Greenville**  
**Notes to Financial Statements**  
**June 30, 2008**

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The financial statements of the City of Greenville Building Authority do not contain any financial information, therefore, no financial data has been presented in the City's financial statements.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**City of Greenville**  
**Notes to Financial Statements**  
**June 30, 2008**

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The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Street Fund accounts for the maintenance and improvement activities for streets designated as "major" within the City. Funding is primarily through state shared gas and weight taxes.

The Local Street Fund accounts for maintenance and improvement activities for streets designated as "local" within the City. Funding is primarily through state shared gas and weight taxes.

The Industrial Park Development Fund is used to account for the resources for the creation and development of an industrial park.

The Special Assessments Fund accounts for the resources in association with collecting special assessments taxes.

The Solid Waste Fund accounts for the collection of special assessments and expenses for solid waste.

The Capital Improvements Fund accounts for the resources and expenses of capital assets.

The government reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection system.

The Water Fund accounts for the activities of the water distribution system.

Additionally, the government reports the following:

Internal Service Funds of the City of Greenville include Motor Pool Fund, Health, Life, Dental and Vision Insurance Fund, Unemployment Fund, Weekly Indemnity Fund, Technology Improvement Fund, Retiree Health Benefits Fund, Flexible Spending Fund, and Accrued Sick and Vacation Liability Fund. Internal Service Funds accounts for major machinery and equipment purchases and maintenance provided to other departments of the government on a cost reimbursement basis.

Agency Funds account for property tax and other deposits collected on behalf of other units and individuals. The Agency Funds of the City of Greenville include the Delinquent Personal Property Tax Clearing Fund and the General Agency Fund. The Firefighters Equipment Fund is a Private Purpose Trust Fund.

The nonmajor special revenue funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative requirements.

The debt service funds account for the accumulation of resources for, and payment of governmental activities principal, interest and related costs.

Trust and Agency Fund and Current Tax Collection Fund accounts for property tax and other deposits collected on behalf of other units and individuals.

Nonmajor Enterprise Fund accounts for the operations of the Recreation Fund, Parking Fund, and Dial-A-Ride fund.

Nonmajor Capital Projects Fund accounts for resources for Fire Department equipment.

**City of Greenville**  
**Notes to Financial Statements**  
**June 30, 2008**

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Perpetual Care Fund accounts for the maintenance of the Cemetery Fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and water funds and the internal service funds are charges to customers for sales and

services. The government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and the internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**Assets, liabilities, and net assets or equity**

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market price. Certificate of deposits are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

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The 2007 taxable valuation of the government totaled \$195,865,646 , on which ad valorem taxes consisted of 11.81 mills for operating purposes , .9073 for garbage collection , 1.0 mills for improvements in the Downtown Development Authority, .25 mills for promotion and development of the community. This resulted in \$2,386,651 for operating expenses, \$170,164 for garbage collection, \$483,911 for Downtown Development Authority, and \$50,063 for promotion and development of the community, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

Inventories and prepaid items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted assets – Certain revenue bonds of the Enterprise Funds require amounts to be set aside for a bond reserve. These amounts have been classified as restricted investments.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair value of the item at the date of its donation.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Land improvements	10 to 20 years
Water and sewer lines	50 to 75 years
Vehicles	3 to 10 years
Office equipment computer equipment	5 to 7 years
Computer equipment	3 to 7 years
Roads	25 years
Other infrastructure	20 to 40 years

Compensated absences – It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. City employees are granted vacation and sick leave in varying amounts based on length of service. Vacation must be used by December 31 or it is forfeited. Employees can accumulate up to 120 sick days. Accumulations in excess of that amount are paid at 50% of the unused portion as of December 31 at the employees pay rate. Upon termination, employees are paid on a prorated basis for unused vacation of that year at their current rates. Upon termination of employment after 10 years of service, or upon retirement or death of an employee, payments will be for 50% of accumulated sick leave for non-union employees and 100% of accumulated sick leave for union employees who started before July 1, 1997. The cost of vested accumulated vacation and sick leave along with the related payroll taxes is recorded in an Internal Service Fund and in the government-wide financial statements.

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Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purposes. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative data**

Comparative data is not included in the government's financial statements.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary information**

The government is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

Prior to July 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. Public hearings are obtained to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to July 1.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The City Manager is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the City Council.

The City does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds.

**Excess of expenditures over appropriations**

Michigan Public Act 621 of 1978, Section 18(1), as amended provides that a local government shall not incur expenditures in excess of the amount appropriated. During the year ended June 30, 2008, the City incurred expenditures in the General Fund and Industrial Park funds in excess of the amount appropriated as follows:

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Fund	Total Appropriation	Amount Expended	Over Budget
General Fund			
Public safety	\$ 1,339,800	\$ 1,340,638	\$ 838
Capital outlay	-	1,325	1,325
Transfers out	281,200	290,301	9,101
Industrial Park Fund			
Capital outlay	410,892	4,730,590	4,319,698
Transfers out	-	19,655	19,655

**Deficit fund equity**

The City has a deficit fund balance in the Community Center Fund, which will be eliminated next year with a transfer from the General Fund. The City has a deficit fund balance in the Industrial Park Fund, which will be eliminated with federal grant reimbursements. The City also has a deficit fund balance in the Local Development Finance Authority Fund, which will be eliminated with future tax collections.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

At year end the government's deposits and investments were reported in the basic financial statements in the following categories:

	Cash and Cash Equivalents	Investments	Restricted Investments
Governmental activities	\$ 4,801,537	\$ 1,888,706	\$ -
Business-type activities	849,226	-	1,296,523
Total primary government	5,650,763	1,888,706	1,296,523
Fiduciary funds	288,937	-	-
Component unit	455,788	-	-
Total	\$ 6,395,488	\$ 1,888,706	\$ 1,296,523

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Unit
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 5,680,742	\$ 288,937	\$ 455,788
Investments in securities, mutual funds and similar vehicles	3,154,630	-	-
Petty cash and cash on hand	620	-	-
	\$ 8,835,992	\$ 288,937	\$ 455,788

**City of Greenville**  
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As of year end, the government had the following investments:

Investment	Fair Value	Rating	Rating Organization
Fixed Income Federal Home Loan Mortgage Company	\$ 1,090,010	AAA	Standard & Poors
Federal Home Loan Bank	613,597	AAA	Standard & Poors
FNMA	451,707	AAA	Standard & Poors
GNMA	654,295	AAA	Standard & Poors
	345,021	AAA	Standard & Poors
	<u>\$ 3,154,630</u>		

*Interest rate risk* – The government does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates

*Credit risk* – State statutes and the government's investment policy authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

*Concentration of credit risk* – The government has no policy that would limit the amount that may be issued in any one issuer.

*Custodial credit risk - deposits* – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of year end, \$ 3,894,920 was exposed to custodial credit risk because it was uninsured and uncollateralized .

*Custodial credit risk – investments* – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the government's investment policy, the government's investments are held by a counterparty and are not insured.

**NOTE 4 - RECEIVABLE S AND DEFERRED REVENUE**

The only receivable not expected to be collected within one year is as follows:

	Due After One Year	Fund
<b>Primary government</b>		
Special assessments	\$ 377,480	Special assessments

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

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	<u>Unavailable</u>
<b>Primary government</b>	
Special assessments	\$ 482,984
Grants	538,088
Property taxes	1,956,782
Other revenue	-
	<u><u>\$ 2,977,854</u></u>

**NOTE 5 - CAPITAL ASSETS**

Capital assets activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 3,358,838	\$ -	\$ 201,673	\$ 3,157,165
Construction in progress	1,128,297	1,310,273	2,046,126	392,444
Total capital assets not being depreciated	4,487,135	1,310,273	2,247,799	3,549,609
Capital assets being depreciated				
Land improvements	2,623,978	-	-	2,623,978
Infrastructure	22,954,002	425,971	-	23,379,973
Buildings, additions and improvements	3,110,953	55,155	-	3,166,108
Machinery and equipment	1,957,349	64,410	-	2,021,759
Vehicles	2,660,972	110,673	-	2,771,645
Total capital assets being depreciated	33,307,254	656,209	-	33,963,463
Less accumulated depreciation for				
Land improvements	1,328,351	112,280	-	1,440,631
Infrastructure	7,949,169	519,615	-	8,468,784
Buildings, additions and improvements	1,444,342	73,148	-	1,517,490
Machinery and equipment	1,678,949	83,605	-	1,762,554
Vehicles	1,681,376	207,104	-	1,888,480
Total accumulated depreciation	14,082,187	995,752	-	15,077,939
Net capital assets being depreciated	19,225,067	(339,543)	-	18,885,524
Governmental activities capital assets, net	<u><u>\$ 23,712,202</u></u>	<u><u>\$ 970,730</u></u>	<u><u>\$ 2,247,799</u></u>	<u><u>\$ 22,435,133</u></u>



**City of Greenville**  
**Notes to Financial Statements**  
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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 387,066	\$ -	\$ -	\$ 387,066
Capital assets being depreciated				
Land improvements	814,356	-	-	814,356
Buildings, additions and improvements	5,412,147	-	-	5,412,147
Machinery and equipment	1,025,080	-	-	1,025,080
Vehicles	1,002,191	-	-	1,002,191
Water system	3,608,144	-	-	3,608,144
Sewer system	5,677,191	-	-	5,677,191
Total capital assets being depreciated	17,539,109	-	-	17,539,109
Less accumulated depreciation for				
Land improvements	563,091	31,322	-	594,413
Buildings, additions and improvements	2,430,265	112,530	-	2,542,795
Machinery and equipment	534,250	25,289	-	559,539
Vehicles	775,946	69,294	-	845,240
Water system	1,412,973	65,949	-	1,478,922
Sewer system	2,351,837	101,898	-	2,453,735
Total accumulated depreciation	8,068,362	406,282	-	8,474,644
Net capital assets being depreciated	9,470,747	(406,282)	-	9,064,465
Business-type capital assets, net	\$ 9,857,813	\$ (406,282)	\$ -	\$ 9,451,531

Capital assets activity of the component unit for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Unit</b>				
Capital assets not being depreciated				
Land	\$ 192,044	\$ -	\$ -	\$ 192,044
Capital assets being depreciated				
Land improvements	6,281,230	-	-	6,281,230
Less accumulated depreciation for				
Land improvements	549,003	157,031	-	706,034
Net capital assets being depreciated	5,732,227	(157,031)	-	5,575,196
Component unit capital assets, net	\$ 5,924,271	\$ (157,031)	\$ -	\$ 5,767,240

**City of Greenville**  
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Depreciation expense was charged to programs of the primary government as follows:

**Governmental activities**

General government	\$ 73,749
Public safety	155,436
Community and economic development	519,616
Recreation and culture	135,880

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets

111,071

Total governmental activities

995,752

**Business-type activities**

Sewer	204,203
Water	98,092
Parking	31,182
Dial-A-Ride	72,805

Total business-type activities

406,282

Total primary government

\$ 1,402,034

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS**

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due from/to other funds</b>		
General Fund	Trust and Agency	\$ 25,967
General Fund	Cemetery	1,004
Cemetery	Sewer Fund	51,542
Cemetery	Capital Improvement Fund	12,945
Transit Fund	General Fund	3,657
Water Fund	Capital Improvement Fund	52,515
Major Street Fund	Capital Improvement Fund	28,746
Industrial Park Fund	Capital Improvement Fund	93,800
Capital Improvement Fund	General Fund	6,591
Motor Pool	General Fund	3,660
		<u>\$ 280,427</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

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Due to/from primary government and component units is as follows:

**Due to/from other funds**

DDA	Trust and Agency	\$	97
LDFA	Trust and Agency		9,107
Special Assessments	DDA		8,310
General Fund	LDFA		9,873
General Fund	DDA		58,152
EDC Board	General Fund		1,147
Local Street Fund	LDFA		655
Solid Waste Fund	LDFA		991
Capital Improvement Fund	LDFA		2,370
Transit Fund	LDFA		274
		<u>\$</u>	<u>90,976</u>

The details for interfund transfers are as follows:

Fund	Income Transfers	Outgoing Transfers
General	\$ 1,005,532	\$ 290,301
Major street	-	324,981
Local street	115,000	121,009
Capital improvements	125,222	27,395
Industrial park	-	19,655
Solid waste	-	76,425
Nonmajor governmental	152,551	74,688
Sewer	-	317,878
Water	13,000	164,116
Nonmajor enterprise	124,751	119,608
Total	<u>\$ 1,536,056</u>	<u>\$ 1,536,056</u>

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**NOTE 7 - LEASES**

**Capital Leases**

The City has a capital lease for a bulldozer. The future minimum lease payments are as follows:

Year ending June 30,	
2009	\$ 31,413
Less amount representing interest	<u>1,898</u>
Present value of minimum lease payments	<u>\$ 29,515</u>
Asset	
Machinery and equipment	\$ 76,000
Less accumulated depreciation	<u>30,400</u>
Total	<u>\$ 45,600</u>

**City of Greenville**  
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**NOTE 8 - LONG-TERM DEBT**

The government issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Installment purchase agreements are also general obligations of the government. Other long-term obligations include compensated absences. Compensated absences are typically liquidated with funds from the General Fund.

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>									
Bonds and notes payable									
General obligation bonds									
2000 Government obligation bonds	\$ 250,000	9/1/09	5.10 - 5.15%	\$30,000 - \$35,000	\$ 90,000	\$ -	\$ 30,000	\$ 60,000	\$ 30,000
Special assessment obligations									
2000 Special assessment bonds	455,000	9/1/05	5.10 - 5.15%	\$50,000 - \$60,000	160,000	-	50,000	110,000	50,000
Capital Improvement bonds									
2006 Capital Improvement bonds	310,000	10/1/26	4.875%	\$5,000 - \$24,000	310,000	-	5,000	305,000	10,000
Installment purchase agreements									
Commercial Bank Greenville	470,000	1/8/16	4.09%	\$44,154 - \$61,110	470,000	-	44,154	425,846	45,937
Chase Equipment Leasing, Inc	648,500	6/28/16	4.46%	\$17,191 - \$392,664	627,515	-	22,939	604,576	22,939
Total bonds payable					1,657,515	-	152,093	1,505,422	158,876
Contracts payable									
1998 Michigan Aeronautics	100,000	12/22/08	4.70%	\$11,642 - \$12,195	23,713	-	11,586	12,127	12,127
Compensated absences					554,366	-	24,533	529,833	-
Capital Lease - Caterpillar	76,000	5/1/09	5.50%	\$28,245 - \$29,360	57,605	-	28,090	29,515	29,515
Total governmental activities					<u>\$ 2,293,199</u>	<u>\$ -</u>	<u>\$ 216,302</u>	<u>\$ 2,076,897</u>	<u>\$ 200,518</u>

**City of Greenville**  
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	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>									
Bonds and notes payable									
General obligation bonds									
1993 Wastewater treatment bonds	\$ 500,000	5/1/08	6.10%	\$60,000	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ -
1995 Wastewater treatment bonds	350,000	4/1/15	5.40%-6.00%	\$20,000 - \$30,000	195,000	-	20,000	175,000	20,000
1997 Wastewater treatment bonds	600,000	7/1/12	5.05%-5.25%	\$45,000 - \$55,000	250,000	-	45,000	205,000	45,000
Total business-type activities					<u>\$ 505,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 380,000</u>	<u>\$ 65,000</u>
<b>Component units</b>									
Local Development Finance Authority									
1994 Tax Increment Development bonds	\$ 700,000	5/1/09	6.35%	\$85,000 - \$95,000	\$ 180,000	\$ -	\$ 85,000	\$ 95,000	\$ 95,000
Loan Payable	1,240,000	7/11/11	4.95%	\$945,686	351,069	-	69,218	281,851	72,960
Chase Equipment Leasing, Inc	1,010,824	4/7/16	4.15%	\$28,683 - \$377,609	955,197	-	57,960	897,237	60,390
Downtown Development Authority									
2002 Government obligation bonds	4,750,000	4/1/22	4.70%-4.75%	\$200,000 - \$395,000	4,265,000	-	200,000	4,065,000	210,000
Commercial bank note	150,000	9/29/20	3.00%	\$4,178 - \$6,153	137,832	-	4,305	133,527	8,674
Total component units					<u>\$ 5,889,098</u>	<u>\$ -</u>	<u>\$ 416,483</u>	<u>\$ 5,472,615</u>	<u>\$ 447,024</u>

**City of Greenville**  
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Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	200,432	66,380	65,000	20,767
2010	171,874	57,837	75,000	17,372
2011	85,952	51,801	80,000	13,398
2012	89,159	35,055	80,000	9,314
2013	93,482	44,174	80,000	10,276
2014-2018	727,073	126,219	-	-
2019-2023	90,000	33,393	-	-
2024-2027	89,092	9,020	-	-
	<u>\$ 1,547,064</u>	<u>\$ 423,879</u>	<u>\$ 380,000</u>	<u>\$ 71,127</u>

Year Ending June 30,	Component Unit	
	Principal	Interest
2009	448,830	238,411
2010	370,371	219,714
2011	387,215	206,465
2012	361,939	192,628
2013	321,175	175,476
2014-2018	2,070,234	628,925
2019-2023	1,512,851	180,633
	<u>\$ 5,472,615</u>	<u>\$ 1,842,252</u>

**Compensated Absences**

Accrued compensated absences at year end, consists of \$475,580 of accrued sick time benefits and \$54,252 of vacation hours earned and

vested. The entire amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

**NOTE 9 - RESTRICTED ASSETS**

The balance of the restricted assets for bond debt reserves accounts in the Enterprise Funds are as follows:

Sewer Fund      Investments      \$1,296,523

**NOTE 10 - RISK MANAGEMENT**

The government is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City participates in a pool, the Michigan Municipal Liability and Property Pool, with other municipalities for auto, property, liability, inland marine, electronic data processing, crime and bonds, and boiler and machinery losses. The pool is organized under Public Act 138 of 1982, as amended. The City has no liability for additional assessments based on the claims filed against the pool nor do they have rights to dividends.

The City also participates in a pool, the Michigan Municipal Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. The City has no liability for additional assessments based on the claims filed against the pool nor do they have any rights to dividends.

The City carries commercial health insurance for the benefit of its employees. The City is self funded for prescriptions and the portion of health benefits, dental, vision, unemployment and indemnity that exceed the coverage of the commercial insurance. The requirements of Statement No. 10 of the Governmental Accounting Standards Board requires that a liability for claims be reported if it is probable

**City of Greenville**  
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that a liability has been incurred and the amount of the loss can be reasonable estimated. At June 30, 2008 – there were no claims liability reported in the Health and Life Insurance Internal Service Fund.

The City is a defendant in various lawsuits pertaining to taxable values of properties located within the City. These lawsuits are in various stages.

**NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS**

**Retirement Plan – (Except Certain Public Safety Employees)**

Plan description – The City provides pension benefits for substantially all employees except public safety employees working more than 1,000 hours per year through a defined contribution plan, which was established by the City Council and may be amended from time to time by the City Council. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one year employment. The City contributes .5% of each participant's base salary to the plan. The City will then match employee contributions 1/5 to 1 up to a maximum employee contribution of 4% of their wage. The City's contributions are vested at a rate of 40% after four (4) years of service and an additional 10% per year for each year thereafter with full vesting after ten years of continuous service. City contributions and interest are forfeited by employees who leave the plan and are not fully vested and are reallocated among remaining participants.

The City's total applicable (excluding public safety employees covered under another retirement plan) payroll for the year ending June 30, 2008 was \$2,474,260. The City's applicable covered payroll was \$1,929,100. The City's contribution was \$115,745.

**Retirement Plan – Certain Public Safety Employees**

Plan description – The government participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the government. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 447 N. Canal Rd., Lansing, Michigan 48917.

Funding policy – The obligation to contribute to and maintain the system for these employees was established by negotiation with the government's competitive bargaining units and requires a contribution from the employees of 3-5% percent of gross wages. The City is required to contribute the remaining amounts necessary to fund the system.

Annual pension costs – For year ended June 30, 2008, the government's annual pension cost of \$57,221 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2007, using the entry actual age cost method. Significant actuarial assumptions used include: 1) an 8% investment rate of return; 2) projected salary increases of 4.5% percent per year; and 3) additional salary increases ranging from 0 – 4.2% per year depending on age, seniority and merit; and 4) assumption benefits will not increase after retirement. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 10 years.

**City of Greenville**  
**Notes to Financial Statements**  
**June 30, 2008**

Three year trend information as of December 31 follows:

	2007	2006	2005
Annual pension cost	\$ 54,432	\$ 53,292	\$ 53,412
Percentage of APC contributed	100%	100%	100%
Actuarial value of assets	3,531,239	3,285,953	3,103,280
Actuarial accrued liabilities	4,085,004	3,773,668	3,644,426
Unfunded AAL	553,765	487,715	541,146
Funded ratio	86.0%	87.0%	85.0%
Covered payroll	907,185	888,097	890,143
UAAL as a percentage of covered payroll	61%	55%	61%

**NOTE 12 - POST-EMPLOYMENT HEALTH CARE BENEFITS**

In addition to providing pension benefits, the City provides certain health care benefits for non-union retired employees. The City's non-union employees may become eligible for these benefits if they retire from the City at age 62. The benefit to the eligible retirees is \$4 per month for each year of service and will be indexed 5% per year. Eligible retirees will receive the benefit for 25 years. The City paid \$17,769 for retirees health insurance for the year ended June 30, 2008.

**NOTE 13 - DIAL - A - RIDE**

**COST ALLOCATION PLANS**

The Dial-A-Ride Transit has one cost allocation plan where the methodology has been approved by the BPT. The cost allocation plan is for maintenance service. Under the cost allocation plan, the Dial-A-Ride Transit is charged on a monthly basis an amount equal to the labor and materials required to maintain the vehicles used by the Transit. This cost allocation plan was adhered to in the preparation of the financial statements.

**NONFINANCIAL DATA**

The methodology used for compiling mileage is an adequate and reliable method for recording vehicle mileage.

**DEPRECIATION**

The total amount of depreciation, \$72,805, is an ineligible expense as the assets were either purchased with grant money, or the useful life of the assets were not approved by BPT.

**INELIGIBLE EXPENSE**

Ineligible expenses are classified appropriately according to the definition in the Local Public Transit Revenue and Expense Manual. Audit costs are the only costs in which eligibility differs from the State Manual and the Federal OMB Circular A-87. For the year ending June 30, 2008, the City did not allocate any of the audit costs the Dial-A-Ride Transit. The Dial-A-Ride Transit did not incur expenses associated with 40615 Advertising revenue and, therefore, no expenses are subtracted out as ineligible.

**NOTE 14 - SUBSEQUENT EVENTS**

Since year end, the United States and Worldwide financial markets have been in an extreme state of volatility. The market value of the investments held by the City has declined from June 30, 2008 to the report date. Management is aware of the situation and is evaluating possible options. No adjustments have been deemed necessary for permanent impairment of these assets as of June 30, 2008.

On August 28, 2008, the City sold Capital Improvement Bonds of \$435,000. The proceeds will be used to paint the water tower. Interest rates range from 2.65% - 4.80%, and the bonds mature on October 1, 2027.



**City of Greenville**  
**Notes to Financial Statements**  
**June 30, 2008**

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**NOTE 15 - PRIOR PERIOD ADJUSTMENT S**

The June 30, 2007 financial statements did not include \$71,088 of capital assets and \$3,555 of depreciation . This omission caused the net assets to be understated by \$67,533. The net assets at July 1, 2007 were restated to correct this omission.

**Governmental Activities**

Beginning Net assets	\$ 29,124,550
Prior period adjustment	<u>67,533</u>
Beginning Net assets (restated)	<u>\$ 29,192,083</u>

**City of Greenville**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
<b>Revenues</b>				
Taxes				
Property taxes	\$ 1,930,200	\$ 1,930,200	\$ 1,865,410	\$ (64,790)
Penalties and interest	25,000	25,000	14,670	(10,330)
Administration fee	117,000	117,000	114,745	(2,255)
Licenses and permits	40,000	40,000	10,870	(29,130)
State revenue sharing	797,600	797,600	761,661	(35,939)
State grants	6,000	6,000	3,981	(2,019)
Local contributions	-	-	22,653	22,653
Charges for services	214,980	214,980	163,622	(51,358)
Fines and forfeitures	50,000	50,000	38,830	(11,170)
Interest income	120,000	120,000	188,446	68,446
Rental income	58,000	58,000	51,885	(6,115)
Other revenue	158,000	158,000	219,919	61,919
Insurance recoveries	15,000	15,000	27,115	12,115
Transfer in	1,022,825	1,022,825	1,005,532	(17,293)
Total revenues	4,554,605	4,554,605	4,489,339	(65,266)

**City of Greenville**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Expenditures</b>				
General government				
Township board	\$ 97,000	\$ 92,000	\$ 90,500	\$ (1,500)
Manager	204,675	190,675	188,514	(2,161)
Clerk	223,200	221,200	222,149	949
Board of review	800	800	443	(357)
Assessor	122,300	96,500	92,343	(4,157)
Elections	10,050	14,050	13,119	(931)
Buildings and grounds	66,000	63,000	62,310	(690)
Public safety building maintenance	65,300	57,300	56,842	(458)
Attorney	70,000	130,000	126,491	(3,509)
Cemetery	24,400	56,400	51,557	(4,843)
Total general government	<u>883,725</u>	<u>921,925</u>	<u>904,268</u>	<u>(17,657)</u>
Public safety				
Police	<u>1,344,800</u>	<u>1,339,800</u>	<u>1,340,638</u>	<u>838</u>
Public works				
Department of public works	404,500	406,500	404,436	(2,064)
Street lighting	<u>85,000</u>	<u>93,200</u>	<u>91,339</u>	<u>(1,861)</u>
Total public works	<u>489,500</u>	<u>499,700</u>	<u>495,775</u>	<u>(3,925)</u>

**City of Greenville**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Community and economic development				
Planning	\$ 35,050	\$ 10,400	\$ -	\$ (10,400)
Economic Development	59,550	46,550	44,412	(2,138)
Zoning	6,000	8,500	8,263	(237)
Total community and economic development	100,600	65,450	52,675	(12,775)
Recreation and culture				
Parks and recreation	53,700	80,700	67,733	(12,967)
Other functions				
Airport	21,250	27,000	25,528	(1,472)
Insurance and bonds	160,100	110,100	100,529	(9,571)
Unallocated employee fringe benefits	1,241,730	1,228,730	1,172,964	(55,766)
Total other functions	1,423,080	1,365,830	1,299,021	(66,809)
Capital outlay	-	-	1,325	1,325
Transfers out	259,200	281,200	290,301	9,101
Total expenditures	4,554,605	4,554,605	4,451,736	(102,869)
Excess of revenues over expenditures	-	-	37,603	37,603
Fund balance - beginning of year	978,138	978,138	978,138	-
Fund balance - end of year	\$ 978,138	\$ 978,138	\$ 1,015,741	\$ 37,603

**City of Greenville**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**Major Street Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
State revenue sharing	\$ 415,000	\$ 415,000	\$ 448,001	\$ 33,001
Other state grants	50,000	50,000	67,581	17,581
Interest income	10,000	10,000	32,125	22,125
Total revenues	<u>475,000</u>	<u>475,000</u>	<u>547,707</u>	<u>72,707</u>
<b>Expenditures</b>				
Current				
Public works	288,500	354,405	286,525	(67,880)
Transfers out	<u>450,000</u>	<u>430,115</u>	<u>324,981</u>	<u>(105,134)</u>
Total expenditures	<u>738,500</u>	<u>784,520</u>	<u>611,506</u>	<u>(173,014)</u>
Deficiency of revenues over expenditures	(263,500)	(309,520)	(63,799)	245,721
Fund balance - beginning of year	<u>774,558</u>	<u>774,558</u>	<u>774,558</u>	<u>-</u>
Fund balance - end of year	<u>\$ 511,058</u>	<u>\$ 465,038</u>	<u>\$ 710,759</u>	<u>\$ 245,721</u>

**City of Greenville**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**Local Street Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 117,000	\$ 117,000	\$ 120,151	\$ 3,151
State revenue sharing	155,000	155,000	156,820	1,820
Interest income	5,000	5,000	10,245	5,245
Transfers in	105,000	105,000	115,000	10,000
Total revenues	382,000	382,000	402,216	20,216
<b>Expenditures</b>				
Current				
Public works	323,000	402,890	331,200	(71,690)
Transfers out	323,900	315,010	121,009	(194,001)
Total expenditures	646,900	717,900	452,209	(265,691)
Deficiency of revenues over expenditures	(264,900)	(335,900)	(49,993)	285,907
Fund balance - beginning of year	419,933	419,933	419,933	-
Fund balance - end of year	\$ 155,033	\$ 84,033	\$ 369,940	\$ 285,907

**City of Greenville**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**Industrial Park Development Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Federal grants	\$ 410,000	\$ 410,000	\$ 4,442,152	\$ 4,032,152
Sale of fixed assets	72,000	72,000	270,946	198,946
Total revenues	482,000	482,000	4,713,098	4,231,098
<b>Expenditures</b>				
Current				
Other functions	15,000	15,000	2,159	(12,841)
Capital outlay	410,892	410,892	4,730,590	4,319,698
Transfers out	-	-	19,655	19,655
Total expenditures	425,892	425,892	4,752,404	4,326,512
Excess (deficiency) of revenues over expenditures	56,108	56,108	(39,306)	(95,414)
Fund balance (deficit) - beginning of year	(269,269)	(269,269)	(269,269)	-
Fund balance (deficit) - end of year	<u>\$ (213,161)</u>	<u>\$ (213,161)</u>	<u>\$ (308,575)</u>	<u>\$ (95,414)</u>

**City of Greenville**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**Special Assessments**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Local contributions	\$ 25,700	\$ 25,700	\$ 25,786	\$ 86
Interest income	-	-	31,766	31,766
Other revenue	135,205	135,208	105,505	(29,703)
Total revenues	160,905	160,908	163,057	2,149
<b>Expenditures</b>				
Debt service				
Principal retirement	156,645	156,645	124,154	(32,491)
Interest and fiscal charges	-	-	30,483	30,483
Total expenditures	156,645	156,645	154,637	(2,008)
Excess of revenues over expenditures	4,260	4,263	8,420	4,157
Fund balance - beginning of year	136,524	136,524	136,524	-
Fund balance - end of year	\$ 140,784	\$ 140,787	\$ 144,944	\$ 4,157



**City of Greenville**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**Solid Waste Fund**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$ 180,000	\$ 180,000	\$ 170,164	\$ (9,836)
Licenses and permits	20,000	20,000	2,310	(17,690)
Charges for services	644,200	749,200	717,187	(32,013)
Fines and forfeitures	3,000	3,000	3,564	564
Interest income	5,000	5,000	7,421	2,421
Rental income	24,000	24,000	12,000	(12,000)
Other revenue	-	-	11,527	11,527
Total revenues	<u>876,200</u>	<u>981,200</u>	<u>924,173</u>	<u>(57,027)</u>
<b>Expenditures</b>				
Current				
Public works	791,200	896,200	837,589	(58,611)
Transfers out	<u>85,000</u>	<u>85,000</u>	<u>76,425</u>	<u>(8,575)</u>
Total expenditures	<u>876,200</u>	<u>981,200</u>	<u>914,014</u>	<u>(67,186)</u>
Excess of revenues over expenditures	-	-	10,159	10,159
Fund balance - beginning of year	<u>477,922</u>	<u>477,922</u>	<u>477,922</u>	-
Fund balance - end of year	<u>\$ 477,922</u>	<u>\$ 477,922</u>	<u>\$ 488,081</u>	<u>\$ 10,159</u>

**City of Greenville**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2008**

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
	Community Center	Danish Kindgom Maintenance	Development and Rehabilitation	Debt Service	Fire Department Equipment	Cemetery Perpetual Care	
<b>Assets</b>							
Cash and cash equivalents	\$ 25,857	\$ -	\$ 536,978	\$ 65	\$ 323,866	\$ 175,910	\$ 1,062,676
Receivables							
Customers	-	922	-	-	-	-	922
Due from other funds	-	-	-	-	-	64,487	64,487
<b>Total assets</b>	<b>\$ 25,857</b>	<b>\$ 922</b>	<b>\$ 536,978</b>	<b>\$ 65</b>	<b>\$ 323,866</b>	<b>\$ 240,397</b>	<b>\$ 1,128,085</b>
<b>Liabilities</b>							
Accounts payable	28,298	811	-	-	4,124	-	33,233
Accrued and other liabilities	5,026	-	-	-	-	-	5,026
Due to other funds	-	-	-	-	-	1,004	1,004
<b>Total liabilities</b>	<b>33,324</b>	<b>811</b>	<b>-</b>	<b>-</b>	<b>4,124</b>	<b>1,004</b>	<b>39,263</b>
<b>Fund Balances</b>							
Reserved for:							
Debt service	-	-	-	65	-	-	65
Capital improvements	-	-	-	-	319,742	-	319,742
Perpetual care	-	-	-	-	-	239,393	239,393
Undesignated (deficit)	(7,467)	111	536,978	-	-	-	529,622
<b>Total fund balances (deficit)</b>	<b>(7,467)</b>	<b>111</b>	<b>536,978</b>	<b>65</b>	<b>319,742</b>	<b>239,393</b>	<b>1,088,822</b>
<b>Total liabilities and fund balances</b>	<b>\$ 25,857</b>	<b>\$ 922</b>	<b>\$ 536,978</b>	<b>\$ 65</b>	<b>\$ 323,866</b>	<b>\$ 240,397</b>	<b>\$ 1,128,085</b>

**City of Greenville**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2008**

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Community Center</u>	<u>Danish Kingdom Maintenance</u>	<u>Development and Rehabilitation</u>	<u>Debt Service</u>	<u>Fire Dept. Equipment</u>	<u>Cemetery Perpetual Care</u>	
<b>Revenues</b>							
Other state grants	\$ 29,329	\$ -	\$ -	\$ -	\$ 250	\$ -	\$ 29,579
Charges for services	54,676	-	-	-	-	2,250	56,926
Interest income	3,082	-	4,182	-	2,917	7,281	17,462
Rental income	47,772	-	-	-	-	-	47,772
Other revenue	<u>17,429</u>	<u>1,460</u>	<u>-</u>	<u>-</u>	<u>127</u>	<u>-</u>	<u>19,016</u>
Total revenues	<u>152,288</u>	<u>1,460</u>	<u>4,182</u>	<u>-</u>	<u>3,294</u>	<u>9,531</u>	<u>170,755</u>

**City of Greenville**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2008**

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Community Center</u>	<u>Danish Kingdom Maintenance</u>	<u>Development and Rehabilitation</u>	<u>Debt Service</u>	<u>Fire Dept. Equipment</u>	<u>Cemetery Perpetual Care</u>	
<b>Expenditures</b>							
Current							
Recreation and culture	\$ 190,176	\$ 1,074	\$ -	\$ -	\$ -	\$ -	\$ 191,250
Debt service							
Principal retirement	-	-	-	16,586	22,939	-	39,525
Interest and fiscal charges	-	-	-	16,423	26,543	-	42,966
Total expenditures	<u>190,176</u>	<u>1,074</u>	<u>-</u>	<u>33,009</u>	<u>49,482</u>	<u>-</u>	<u>273,741</u>
Excess (deficiency) of revenues over expenditures	<u>(37,888)</u>	<u>386</u>	<u>4,182</u>	<u>(33,009)</u>	<u>(46,188)</u>	<u>9,531</u>	<u>(102,986)</u>
<b>Other financing sources (uses)</b>							
Transfers in	119,751	-	-	32,800	-	-	152,551
Transfers out	<u>(73,879)</u>	<u>(309)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500)</u>	<u>(74,688)</u>
Total other financing sources and uses	<u>45,872</u>	<u>(309)</u>	<u>-</u>	<u>32,800</u>	<u>-</u>	<u>(500)</u>	<u>77,863</u>
Net change in fund balance	7,984	77	4,182	(209)	(46,188)	9,031	(25,123)
Fund balance (deficit) - beginning of year	<u>(15,451)</u>	<u>34</u>	<u>532,796</u>	<u>274</u>	<u>365,930</u>	<u>230,362</u>	<u>1,113,945</u>
Fund balance (deficit) - end of year	<u>\$ (7,467)</u>	<u>\$ 111</u>	<u>\$ 536,978</u>	<u>\$ 65</u>	<u>\$ 319,742</u>	<u>\$ 239,393</u>	<u>\$ 1,088,822</u>

**City of Greenville**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Enterprise Funds**  
**June 30, 2008**

	Recreation	Parking	Dial-A-Ride	Total Nonmajor Enterprise Funds
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 78,565	\$ -	\$ -	\$ 78,565
Receivables				
Customers	12,680	-	223	12,903
Due from other units of government	-	-	33,692	33,692
Due from other funds	-	-	3,657	3,657
Due from component unit	-	-	274	274
Prepaid items	517	-	-	517
Total current assets	91,762	-	37,846	129,608
Noncurrent assets				
Capital assets, net	-	606,727	200,351	807,078
Total assets	91,762	606,727	238,197	936,686
<b>Liabilities</b>				
Current liabilities				
Accounts payable	2,334	14,218	145,615	162,167
Accrued and other liabilities	7,076	-	7,249	14,325
Deferred revenue	918	-	-	918
Total liabilities	10,328	14,218	152,864	177,410
<b>Net Assets</b>				
Invested in capital assets, net of related debt	-	606,727	200,351	807,078
Unrestricted	81,434	(14,218)	(115,018)	(47,802)
Total net assets	\$ 81,434	\$ 592,509	\$ 85,333	\$ 759,276

**City of Greenville**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2008**

	Enterprise Funds			Total Nonmajor Enterprise Funds
	Recreation	Parking	Dial-A-Ride	
<b>Operating revenue</b>				
Customer fees	\$ 110,311	\$ -	\$ 42,861	\$ 153,172
Rental income	2,480	-	-	2,480
Other revenue	18,862	-	-	18,862
Total operating revenue	131,653	-	42,861	174,514
<b>Operating expenses</b>				
Personnel services	137,132	7,774	182,106	327,012
Supplies	37,435	-	78,467	115,902
Contractual services	7,053	-	1,201	8,254
Utilities	5,301	-	5,402	10,703
Other expenses	1,661	42,289	-	43,950
Depreciation	-	31,182	72,805	103,987
Total operating expenses	188,582	81,245	339,981	609,808
Operating loss	(56,929)	(81,245)	(297,120)	(435,294)
<b>Nonoperating revenue</b>				
Property taxes	-	12,406	50,063	62,469
Federal grant	-	-	78,029	78,029
State grant	-	-	155,353	155,353
Interest income	1,856	-	-	1,856
Total nonoperating revenues	1,856	12,406	283,445	297,707
Loss before contributions and transfers out	(55,073)	(68,839)	(13,675)	(137,587)
Local contributions	-	-	12,000	12,000
Transfers in	108,451	16,300	-	124,751
Transfers out	(42,710)	(12,121)	(64,777)	(119,608)
Change in net assets	10,668	(64,660)	(66,452)	(120,444)
Net assets - beginning of year	70,766	657,169	151,785	879,720
Net assets - end of year	\$ 81,434	\$ 592,509	\$ 85,333	\$ 759,276

**City of Greenville**  
**Other Supplemental Information**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**Year Ended June 30, 2008**

	Recreation	Parking	Dial-A-Ride	Total Nonmajor Enterprise Funds
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 116,299	\$ -	\$ 39,493	\$ 155,792
Payments to suppliers	(72,929)	(28,148)	(88,228)	(189,305)
Payments to employees	(136,513)	(7,774)	(181,933)	(326,220)
Payments for interfund services used	-	-	-	-
Net cash used by operating activities	(93,143)	(35,922)	(230,668)	(359,733)
<b>Cash flows from noncapital financing activities</b>				
Transfer from other funds	108,451	16,300	-	124,751
Transfers to other funds	(42,710)	(12,121)	(64,777)	(119,608)
Local contributions	-	-	12,000	12,000
Property taxes	-	-	50,063	50,063
Federal grant	-	-	78,029	78,029
State grant	-	-	155,353	155,353
Net cash provided by noncapital financing activities	65,741	4,179	230,668	300,588
<b>Cash flows from capital and related financing activities</b>				
Proceeds from special assessments	-	12,406	-	12,406
<b>Cash flows from investing activities</b>				
Interest received	1,856	-	-	1,856
Net decrease in cash and cash equivalents	(25,546)	(19,337)	-	(44,883)
Cash and cash equivalents - beginning of year	104,111	19,337	-	123,448
Cash and cash equivalents - end of year	\$ 78,565	\$ -	\$ -	\$ 78,565

**City of Greenville**  
**Other Supplemental Information**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**Year Ended June 30, 2008**

	<u>Recreation</u>	<u>Parking</u>	<u>Dial-A-Ride</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Reconciliation of operating loss to net cash provided (used) by operating activities</b>				
Operating loss	\$ (56,929)	\$ (81,245)	\$ (297,120)	\$ (435,294)
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization expense	-	31,182	72,805	103,987
Changes in assets and liabilities				
Receivables (net)	(12,518)	-	563	(11,955)
Due from other units of government	-	-	(32,371)	(32,371)
Due from other funds	-	-	(3,657)	(3,657)
Due from component unit	-	-	(274)	(274)
Prepaid items	(517)	-	-	(517)
Accounts payable	(20,962)	14,141	29,213	22,392
Accrued and other liabilities	619	-	173	792
Deferred revenue	(2,836)	-	-	(2,836)
Net cash used by operating activities	<u>\$ (93,143)</u>	<u>\$ (35,922)</u>	<u>\$ (230,668)</u>	<u>\$ (359,733)</u>



**City of Greenville**  
**Dial-A-Ride Fund**  
**Schedule 1 - Schedule of Operating Revenues**  
**Year Ended June 30, 2008**

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	<u>July 1, 2007 to Sept. 30, 2007</u>	<u>Oct. 1, 2007 to June 30, 2008</u>	<u>Total</u>
Operating revenues			
Demand response (fare box)	<u>\$          8,956</u>	<u>\$        33,905</u>	<u>\$        42,861</u>

**City of Greenville**  
**Dial-A-Ride Fund**  
**Schedule 1 (continued) - Schedule of Nonoperating Revenues - Local**  
**Year Ended June 30, 2008**

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	<u>July 1, 2007 to Sept. 30, 2007</u>	<u>Oct. 1, 2007 to June 30, 2008</u>	<u>Total</u>
Local nonoperating revenues			
Tax levy	\$ 52,514	\$ (2,451)	\$ 50,063
Private Contribution	<u>3,000</u>	<u>9,000</u>	<u>12,000</u>
 Total nonoperating revenue - local	 <u>\$ 55,514</u>	 <u>\$ 6,549</u>	 <u>\$ 62,063</u>

**City of Greenville**  
**Dial-A-Ride Fund**  
**Schedule 2 - Federal and State Awards**  
**Year Ended June 30, 2008**

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State and federal grants	
State of Michigan	
Formula operating assistance	\$ 155,353
 Federal grants	
U.S. DOT operating grant - Section 5311	<u>78,029</u>
 Total nonoperating revenues - state and federal grants	<u>\$ 233,382</u>

**City of Greenville**  
**Dial-A-Ride Fund**  
**Schedule 5 - Operating Assistance Calculation**  
**Year Ended June 30, 2008**

	<u>Federal Section 5311</u>		<u>State Operating Assistance</u>	
	<u>July 1, 2007 to Sept. 30, 2007</u>	<u>Oct. 1, 2007 to June 30, 2008</u>	<u>July 1, 2007 to Sept. 30, 2007</u>	<u>Oct. 1, 2007 to June 30, 2008</u>
Expenses				
Labor	\$ 52,401	\$ 140,078	\$ 52,401	\$ 140,078
Fringe benefits	5,100	(2,101)	5,100	(2,101)
Pension	19,177	45,001	19,177	45,001
Services	416	650	416	650
Materials and supplies	12,508	53,186	12,508	53,186
Utilities	725	4,677	725	4,677
Lease and rentals	12	123	12	123
Depreciation	-	72,805	-	72,805
Total expenses	90,339	314,419	90,339	314,419
Less ineligible expenses				
Depreciation	-	(72,805)	-	(72,805)
Net expenses	<u>\$ 90,339</u>	<u>\$ 241,614</u>	90,339	241,614
Less: Section 5311 reimbursements			(5,905)	(16,206)
Net deficit eligible for state operating assistance reimbursement			<u>\$ 84,434</u>	<u>\$ 225,408</u>
Maximum Section 5311 reimbursement				
FY 07 (17.0%)	<u>\$ 15,358</u>			
FY 08 (16.0%)		<u>\$ 38,658</u>		
Maximum state operating assistance				
FY 07 (38.62%)			<u>\$ 32,609</u>	
FY 08 (36.15%)				<u>\$ 81,487</u>

**City of Greenville**  
**Dial-A-Ride Fund**  
**Schedule 3 - Operating Expenses**  
**Year Ended June 30, 2008**

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administrative</u>	<u>Total System</u>
Operating Expenses				
Labor				
Operator's wages and salaries	\$ 143,733	\$ -	\$ -	\$ 143,733
Other wages and salaries	29,689	6,457	12,600	48,746
Fringe benefits	599	-	2,400	2,999
Pension	57,548	4,028	2,602	64,178
Services	-	1,066	-	1,066
Materials and supplies consumed				
Fuel and lubricants	39,898	-	-	39,898
Other materials and supplies	11,072	14,556	168	25,796
Utilities	4,161	-	1,241	5,402
Depreciation	-	-	72,805	72,805
Miscellaneous	-	-	-	-
Leases and rentals	-	135	-	135
	<u>-</u>	<u>135</u>	<u>-</u>	<u>135</u>
Total operating expenses	<u>\$ 286,700</u>	<u>\$ 26,242</u>	<u>\$ 91,816</u>	<u>\$ 404,758</u>

**City of Greenville**  
**Dial-A-Ride Fund**  
**Schedule of Net Capital Assets Purchased with Federal, State, and Local Grants**  
**Year Ended June 30, 2008**

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	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
Beginning balance - July 1, 2007	\$ 235,805	\$ 36,394	\$ 957	\$ 273,156
Less: current year depreciation of assets purchased with grant funds	<u>(66,580)</u>	<u>(5,747)</u>	<u>(478)</u>	<u>(72,805)</u>
Ending balance - June 30, 2008	<u>\$ 169,225</u>	<u>\$ 30,647</u>	<u>\$ 479</u>	<u>\$ 200,351</u>

**City of Greenville**  
**Dial-A-Ride Fund**  
**Schedule of Mileage Data (Unaudited)**  
**Year Ended June 30, 2008**

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Demand - Response	
First quarter	25,136
Second quarter	28,598
Third quarter	27,504
Fourth quarter	<u>28,867</u>
Total mileage	<u>110,105</u>

**City of Greenville**  
**Dial-A-Ride Fund**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2008**

Federal and State Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program Award Amount	Expenditures
Federal				
<u>U.S. Department of Transportation</u>				
Passed through MDOT				
FY 06/07		07-0217/Z1	\$ 36,263	\$ 36,263
FY 07/08		07-0217/Z3	41,766	41,766
Total Federal Awards			<u>78,029</u>	<u>78,029</u>
State				
<u>Michigan Department of Transportation</u>				
Operating Assistance - Act 51	N/A			
FY 03/04		N/A	181	181
FY 04/05		N/A	272	272
FY 06/07		N/A	20,366	20,366
FY 07/08		N/A	134,534	134,534
Total State Awards			<u>155,353</u>	<u>155,353</u>
Total Federal and State Awards			<u>\$ 233,382</u>	<u>\$ 233,382</u>



**City of Greenville**  
**Dial-A-Ride Fund**  
**Combined Schedules 1A, 2A, and 3A**  
**Schedule of Revenues and Expenses (Year Ended September 30, 2007)**  
**Year Ended June 30, 2008**

	Oct. 1, 2006 to <u>June 30, 2007</u>	July 1, 2007 to <u>Sept. 30, 2007</u>	Total <u>System</u>
<u>Revenues</u>			
Passenger fares	\$ 32,598	\$ 8,956	\$ 41,554
Contract fares	737	-	737
Taxes Levied	(3,086)	52,514	49,428
Other local revenue	13,500	3,000	16,500
State Operating Assistance	175,102	47,774	222,876
Section 5311	<u>21,642</u>	<u>5,905</u>	<u>27,547</u>
Total Revenues	240,493	118,149	358,642
<u>Expenses</u>			
Labor			
Operator's wages and salaries	105,551	37,595	143,146
Other wages and salaries	53,855	14,805	68,660
Fringe benefits	18,675	5,100	23,775
Pension	61,682	19,177	80,859
Services	-	416	416
Materials and supplies consumed			
Fuel and lubricants	30,646	8,363	39,009
Other materials and supplies	12,770	4,145	16,915
Utilities	5,022	725	5,747
Depreciation	89,465	-	89,465
Miscellaneous	465	-	465
Leases and rentals	<u>106</u>	<u>12</u>	<u>118</u>
Total operating expenses	<u>\$ 378,237</u>	<u>\$ 90,338</u>	<u>\$ 468,575</u>

**City of Greenville**  
**Dial-A-Ride Fund**  
**OAR Schedule 4R**  
**Nonurban Regular Service Revenue Report (Year Ended September 30, 2007)**  
**Year Ended June 30, 2008**

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<u>Code</u>	<u>Description</u>	<u>Amount</u>
<b>401</b>	<b>Farebox revenue</b>	
40100	Passenger fares	\$ 41,554
40200	Contract fares	737
<b>408</b>	<b>Local revenue</b>	
40800	Taxes levied directly for/by transit agency	49,428
<b>409</b>	<b>Local revenue</b>	
40910	Local operating assistance	16,500
<b>411</b>	<b>State formula and contracts</b>	
41101	State Operating Assistance	222,876
<b>413</b>	<b>Federal contracts</b>	
41301	Federal section 5311	<u>27,547</u>
	Total Revenues	<u>\$ 358,642</u>

**City of Greenville**  
**Dial-A-Ride Fund**  
**OAR Schedule 4E**  
**Nonurban Regular Service Expense Report (Year Ended September 30, 2007)**  
**Year Ended June 30, 2008**

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	Operation	Maintenance	Administration	Total System
<b>Labor</b>				
Operator's wages and salaries	\$ 143,146	\$ -	\$ -	\$ 143,146
Other wages and salaries	45,007	11,053	12,600	68,660
<b>Other fringe benefits</b>	20,250	-	3,525	23,775
Pension	71,546	6,793	2,520	80,859
<b>Services</b>	-	881	-	881
<b>Materials and supplies</b>				-
Fuel and lubricants	39,009	-	-	39,009
Other materials and supplies	3,918	12,986	11	16,915
<b>Utilities</b>	5,747	-	-	5,747
<b>Depreciation</b>	-	-	89,465	89,465
<b>Leases and rentals</b>	-	118	-	118
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total operating expenses	<u>\$ 328,623</u>	<u>\$ 31,831</u>	<u>\$ 108,121</u>	<u>\$ 468,575</u>

**City of Greenville**  
**Dial-A-Ride Fund**  
**Schedule 6 - Comments and Recommendations**  
**Year Ended June 30, 2008**

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**Statutory Compliance**

Our review of procedures for compliance with statutory requirements disclosed the items noted in our letter to management and the governing board dated December 29, 2008.

**City of Greenville**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Internal Service Funds**  
**June 30, 2008**

	Motor Pool	Health, Life, Dental and Vision Insurance	Unemployment	Weekly Indemnity	Retiree Health Benefits	Technology Improvements	Accrued Sick and Vacation Liability	Total Internal Service Funds
<b>Assets</b>								
Current assets								
Cash and cash equivalents	\$ 273,640	\$ 529,992	\$ 114,302	\$ 17,499	\$ 196,847	\$ 4,917	\$ 446,374	\$ 1,583,571
Investments	-	-	-	-	199,188	-	150,027	349,215
Receivables								
Customers	-	5,728	-	-	-	-	-	5,728
Accrued interest and other	-	-	-	-	435	-	3,094	3,529
Due from other funds	3,660	-	-	-	-	-	-	3,660
Total current assets	277,300	535,720	114,302	17,499	396,470	4,917	599,495	1,945,703
Noncurrent assets								
Capital assets, net	408,027	-	-	-	-	-	-	408,027
Total assets	685,327	535,720	114,302	17,499	396,470	4,917	599,495	2,353,730
<b>Liabilities</b>								
Current liabilities								
Accounts payable	2,495	7,555	14,832	-	-	-	-	24,882
Accrued and other liabilities	2,023	-	-	-	-	-	-	2,023
Total current liabilities	4,518	7,555	14,832	-	-	-	-	26,905
Noncurrent liabilities								
Capital lease liability	29,515	-	-	-	-	-	-	29,515
Compensated absences payable	-	-	-	-	-	-	529,833	529,833
Total noncurrent liabilities	29,515	-	-	-	-	-	529,833	559,348
Total liabilities	34,033	7,555	14,832	-	-	-	529,833	586,253
<b>Net Assets</b>								
Invested in capital assets, net of related debt	408,027	-	-	-	-	-	-	408,027
Unrestricted	243,267	528,165	99,470	17,499	396,470	4,917	69,662	1,359,450
Total net assets	\$ 651,294	\$ 528,165	\$ 99,470	\$ 17,499	\$ 396,470	\$ 4,917	\$ 69,662	\$ 1,767,477

**City of Greenville**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Funds**  
**Year Ended June 30, 2008**

	Motor Pool	Health, Life, Dental and Vision Insurance	Unemployment	Weekly Indemnity	Retiree Health Benefits	Technology Improvements	Accrued Sick and Vacation Liability	Total Internal Service Funds
<b>Operating revenue</b>								
Rental income	\$ 585,761	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 585,761
Billings to other funds	56,000	826,000	-	-	-	-	42,455	924,455
Other revenue	46	95,136	-	-	-	-	-	95,182
Total operating revenue	641,807	921,136	-	-	-	-	42,455	1,605,398
<b>Operating expenses</b>								
Personnel services	118,903	652,698	14,832	1,000	-	-	16,219	803,652
Supplies	88,318	-	-	-	-	-	1,701	90,019
Contractual services	7,130	-	-	-	-	-	-	7,130
Utilities	56,724	26,558	-	-	-	-	-	83,282
Repairs and maintenance	105,448	-	-	-	-	-	-	105,448
Other expenses	192,365	22,169	-	-	-	-	-	214,534
Capital Outlay	5,586	-	-	-	-	1,583	-	7,169
Depreciation	111,071	-	-	-	-	-	-	111,071
Total operating expenses	685,545	701,425	14,832	1,000	-	1,583	17,920	1,422,305
Operating income (loss)	(43,738)	219,711	(14,832)	(1,000)	-	(1,583)	24,535	183,093
<b>Nonoperating revenue</b>								
Interest income	7,090	13,048	1,375	629	13,347	-	26,195	61,684
Gain on sale of assets	625	-	-	-	-	-	-	625
Total nonoperating revenues	7,715	13,048	1,375	629	13,347	-	26,195	62,309
Income (loss) before contributions and transfers out	(36,023)	232,759	(13,457)	(371)	13,347	(1,583)	50,730	245,402
Transfers in	-	-	-	-	54,000	-	-	54,000
Transfers out	-	(54,000)	-	-	-	-	-	(54,000)
Change in net assets	(36,023)	178,759	(13,457)	(371)	67,347	(1,583)	50,730	245,402
Net assets - beginning of year	687,317	349,406	112,927	17,870	329,123	6,500	18,932	1,522,075
Net assets - end of year	\$ 651,294	\$ 528,165	\$ 99,470	\$ 17,499	\$ 396,470	\$ 4,917	\$ 69,662	\$ 1,767,477

**City of Greenville**  
**Other Supplemental Information**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended June 30, 2008**

	Motor Pool	Health, Life, Dental and Vision Insurance	Unemployment	Weekly Indemnity	Retiree Health Benefits	Technology Improvements	Accrued Sick and Vacation Liability	Total Internal Service Funds
<b>Cash flows from operating activities</b>								
Receipts from customers	\$ 638,300	\$ 920,652	\$ -	\$ -	\$ (58)	\$ -	\$ 1,012	\$ 1,559,906
Payments to suppliers	(457,880)	(102,015)	-	-	-	(1,583)	(24,533)	(586,011)
Payments to employees	(118,699)	(652,719)	(11,606)	(1,000)	-	-	24,535	(759,489)
Net cash provided (used) by operating activities	61,721	165,918	(11,606)	(1,000)	(58)	(1,583)	1,014	214,406
<b>Cash flows from noncapital financing activities</b>								
Transfer from other funds	-	-	-	-	54,000	-	-	54,000
Transfers to other funds	-	(54,000)	-	-	-	-	-	(54,000)
Net cash provided (used) by noncapital financing activities	-	(54,000)	-	-	54,000	-	-	-
<b>Cash flows from capital and related financing activities</b>								
Purchases/construction of capital assets	(28,475)	-	-	-	-	-	-	(28,475)
Capital lease	(28,090)	-	-	-	-	-	-	(28,090)
Net cash used by capital and related financing activities	(56,565)	-	-	-	-	-	-	(56,565)
<b>Cash flows from investing activities</b>								
Proceeds from sales and maturities of investments	15,325	-	-	-	-	-	41,888	57,213
Purchase of investments	-	-	-	-	(6,104)	-	-	(6,104)
Interest received	7,090	13,048	1,375	629	13,347	-	26,195	61,684
Net cash provided by investing activities	22,415	13,048	1,375	629	7,243	-	68,083	112,793
Net increase (decrease) in cash and cash equivalents	27,571	124,966	(10,231)	(371)	61,185	(1,583)	69,097	270,634
Cash and cash equivalents - beginning of year	246,069	405,026	124,533	17,870	135,662	6,500	377,277	1,312,937
Cash and cash equivalents - end of year	<u>\$ 273,640</u>	<u>\$ 529,992</u>	<u>\$ 114,302</u>	<u>\$ 17,499</u>	<u>\$ 196,847</u>	<u>\$ 4,917</u>	<u>\$ 446,374</u>	<u>\$ 1,583,571</u>

**City of Greenville**  
**Other Supplemental Information**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended June 30, 2008**

	<u>Motor Pool</u>	<u>Health, Life, Dental and Vision Insurance</u>	<u>Unemployment</u>	<u>Weekly Indemnity</u>	<u>Retiree Health Benefits</u>	<u>Technology Improvements</u>	<u>Accrued Sick and Vacation Liability</u>	<u>Total Internal Service Funds</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>								
Operating income (loss)	\$ (43,738)	\$ 219,711	\$ (14,832)	\$ (1,000)	\$ -	\$ (1,583)	\$ 24,535	\$ 183,093
Adjustments to reconcile operating income to net cash from operating activities								
Depreciation and amortization expense	111,071	-	-	-	-	-	-	111,071
Changes in assets and liabilities								
Receivables (net)	153	(484)	-	-	(58)	-	1,012	623
Due from other funds	(3,660)	-	-	-	-	-	-	(3,660)
Accounts payable	(2,309)	(53,288)	3,226	-	-	-	-	(52,371)
Accrued and other liabilities	<u>204</u>	<u>(21)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,533)</u>	<u>(24,350)</u>
Net cash provided (used) by operating activities	<u>\$ 61,721</u>	<u>\$ 165,918</u>	<u>\$ (11,606)</u>	<u>\$ (1,000)</u>	<u>\$ (58)</u>	<u>\$ (1,583)</u>	<u>\$ 1,014</u>	<u>\$ 214,406</u>



**City of Greenville**  
**Other Supplemental Information**  
**Component Unit - Downtown Development Authority**  
**Reconciliation of the Balance Sheet to**  
**The Statement of Net Assets**  
**June 30, 2008**

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<b>Total fund balances for Downtown Development Authority funds</b>	<b>\$ 182,228</b>
Total net assets for Downtown Development Authority activities in the statement of net assets is different because:	
Capital assets used in Downtown Development activities are not financial resources and therefore are not reported in the funds.	5,767,240
Certain liabilities are not due and payable in the current period and are not reported in the funds. Accrued interest	(48,958)
Long-term liabilities applicable to Downtown Development Authority activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	<u>(4,198,527)</u>
<b>Net assets of Downtown Development Authority activities</b>	<b><u>\$ 1,701,983</u></b>

**City of Greenville**  
**Other Supplemental Information**  
**Component Unit - Downtown Development Authority**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2008**

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	<u>Actual</u>
<b>Revenues</b>	
Taxes	\$ 493,885
Interest income	7,735
Other revenue	<u>198</u>
 Total revenues	 <u>501,818</u>
 <b>Expenditures</b>	
Current	
Community and economic development	102,846
Debt service	
Principal retirement	204,304
Interest and fiscal charges	<u>209,783</u>
 Total expenditures	 <u>516,933</u>
 Deficiency of revenues over expenditures	 (15,115)
 Fund balance - beginning of year	 <u>197,343</u>
 Fund balance - end of year	 <u><u>\$ 182,228</u></u>

**City of Greenville**  
**Component Unit - Downtown Development Authority**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Component Unit Funds to the Statement of Activities**  
**For the Year Ended June 30, 2008**

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**Net change in fund balances - Total Downtown Development funds** \$ (15,115)

Total change in net assets reported for Downtown Development activities in the statement of activities is different because:

Downtown Development funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense (157,031)

Expenses are recorded when incurred in the statement of activities

Accrued interest 2,413

Bond proceeds are reported as financing sources in Downtown Development funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not repayment of principal is an expenditure in the Downtown Development funds but reduces the liability in the statement of net assets.

Repayments of long-term debt 204,305

**Change in net assets of Downtown Development activities** \$ 34,572

**City of Greenville**  
**Other Supplemental Information**  
**Component Unit - Tax Increment Finance Authority**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2008**

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	<u>Actual</u>
<b>Revenues</b>	
Taxes	\$ 179,456
Interest income	<u>2,448</u>
 Total revenues	 <u>181,904</u>
 <b>Expenditures</b>	
Current	
Other functions	<u>179,456</u>
 Excess of revenues over expenditures	 2,448
 Fund balance - beginning of year	 <u>41,702</u>
 Fund balance - end of year	 <u><u>\$ 44,150</u></u>

**City of Greenville**  
**Other Supplemental Information**  
**Component Unit - Local Development Finance Authority**  
**Reconciliation of the Balance Sheet to**  
**the Statement of Net Assets**  
**June 30, 2008**

---

<b>Total fund balances for Local Development Finance Authority funds</b>	\$ 88,097
Total net assets for Local Development Finance Authority activities in the statement of net assets is different because:	
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(15,897)
Long-term liabilities applicable to Local Development Finance Authority activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
	<u>(1,274,088)</u>
<b>Net assets of Local Development Finance Authority activities</b>	<u><u>\$ (1,201,888)</u></u>

**City of Greenville**  
**Other Supplemental Information**  
**Component Unit - Local Development Finance Authority**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2008**

---

	<u>Actual</u>
<b>Revenues</b>	
Taxes	\$ 205,824
Interest income	<u>1,818</u>
 Total revenues	 <u>207,642</u>
 <b>Expenditures</b>	
Current	
Debt service	
Principal retirement	212,178
Interest and fiscal charges	<u>69,852</u>
 Total expenditures	 <u>282,030</u>
 Deficiency of revenues over expenditures	 (74,388)
 Fund balance - beginning of year	 <u>162,485</u>
 Fund balance - end of year	 <u>\$ 88,097</u>

**City of Greenville**  
**Component Unit - Local Development Finance Authority**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Component Unit Funds to the Statement of Activities**  
**For the Year Ended June 30, 2008**

---

<b>Net change in fund balances - Total Local Development Finance Authority funds</b>	<b>\$ (74,388)</b>
--	--------------------

Total change in net assets reported for Local Development Finance Authority activities in the statement of activities is different because:

Expenses are recorded when incurred in the statement of activities

Accrued interest	2,192
------------------	-------

Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not Repayment of principal is reported as an expenditure, but the repayment reduces the liability in the statement of net assets.

Repayments of long-term debt	<u>212,178</u>
------------------------------	----------------

<b>Change in net assets of Local Development Authority activities</b>	<b><u>\$ 139,982</u></b>
---	--------------------------

**CITY OF GREENVILLE**

**Greenville , Michigan**

**Single Audit Report**

**June 30, 2008**



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7810 North Alger Rd.  
Alma, MI 48801  
Phone (989) 463-6108  
Fax (989) 463-8560

## Report on Schedule of Federal Awards

City Council  
City of Greenville  
Greenville, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the City of Greenville for the year ended June 30, 2008, and have issued our report thereon dated December 29, 2008, which is qualified for the omission of the Greenville Housing Commission, a component unit of the City of Greenville. These financial statements are the responsibility of City of Greenville's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming opinions on the basic financial statements of the City of Greenville taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that Schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The omission of the Greenville Housing Commission, a component unit of the City of Greenville, has no effect on the Schedule of Expenditures of Federal Awards.

*Yeo & Yeo, P.C.*

Alma, Michigan  
December 29, 2008

**City of Greenville**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2008**

---

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Passed through State of Michigan Community Development Block Grant	14.228	\$ 4,387,361
U.S. Department of Justice Passed through Michigan Department of Community Health Byrne Memorial Justice Assistance Grant	16.738	7,500
U.S. Department of Transportation Highway Planning and Improvement Construction	20.509	<u>78,029</u>
Total expenditures of Federal Awards		<u>\$ 4,472,890</u>

**City of Greenville**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2008**

---

1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. The following is a reconciliation between the financial statements and schedule of expenditures of federal awards.

Federal revenue per financial statements	\$ 5,559,778
Adjustments	<u>(1,086,888)</u>
Total expenditures of federal awards	\$ 4,472,890

The adjustments above totaling \$1,086,888 include the construction of a terminal building, and road reconstruction and resurfacing, which amounted to \$1,032,097 in federal awards. This was not included in the schedule of expenditures of federal awards as mentioned above, as all monitoring, approval and payment of invoices for the projects were handled by the State of Michigan. The remaining \$54,791 represents expenditures that were shown on the single audit report in past years. However since reimbursements were requested several months after the expenditures occurred \$54,791 was disallowed and never reimbursed. As the projects under the Community Development Block Grant are still ongoing \$54,791 was reduced from current year expenditures to reflect the true expenditures to date.

3. The Community Development Block Grant between the City of Greenville and Michigan Economic Development Corporation has approved funds for road, water and sewer improvements, relocation of gas line and machinery and equipment. The Schedule of Expenditures of Federal Awards includes only partial expenditures for machinery and equipment from phase II projects. These purchases will be made by United Solar Ovonic and reimbursed by the City of Greenville. There is no financial statement affect as the City will record expenditures and corresponding revenue once received.

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on  
an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

City Council  
City of Greenville  
Greenville, Michigan

We have audited the financial statements of the City of Greenville as of and for the year ended June 30, 2008, and have issued our report thereon dated December 29, 2008, which is qualified for the omission of the Greenville Housing Commission, a component unit of the City of Greenville. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered City of Greenville's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Greenville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Greenville's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as noted as 08-1 and 08-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Greenville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted other matters involving the internal control over financial reporting, which we have reported to management of City of Greenville in a separate letter dated December 29, 2008.

City of Greenville's response to the significant deficiency identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit City of Greenville's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Yeo & Yeo, P.C.*

Alma, Michigan  
December 29, 2008

# **Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

City Council  
City of Greenville  
Greenville , Michigan

## Compliance

We have audited the compliance of City of Greenville with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. City of Greenville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Greenville's management. Our responsibility is to express an opinion on City of Greenville's compliance based on our audit.

City of Greenville's basic financial statements include the construction of a terminal building, and road reconstruction and resurfacing, which received \$1,032,097 in federal awards which is not included in the schedule of expenditures of federal awards during the year ended June 30, 2008. Our audit did not include the activity of the terminal building, and road reconstruction and resurfacing projects as all monitoring, approval and payment of invoices for the above mentioned projects were handled by the State of Michigan. No funds were passed through to the City of Greenville.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Greenville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Greenville's compliance with those requirements.

In our opinion, City of Greenville complied, in all material respects, with the requirements referred to above that are applicable to each of its major programs for the year ended June 30, 2008.

## Internal Control over Compliance

The management of City of Greenville is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Greenville's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an

opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City Council, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Yeo & Yeo, P.C.*

Alma, Michigan  
December 29, 2008



**City of Greenville**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2008**

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**SECTION I - SUMMARY OF AUDITOR S' RESULTS**

*Financial Statements*

Type of auditors' report issued: Qualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency (s) identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency (s) identified that are not considered to be material weaknesses ? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☐ yes ☒ no

Identification of major programs:

*CFDA Number(s)*

*Name of Federal Program or Cluster*

14.228

Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

**City of Greenville**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2008**  
**(continued)**

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**SECTION II - GOVERNMENT AUDITING STANDARDS FINDINGS**

**08-1 Finding Type – Significant Deficiency**

**Specific requirement:** Management is responsible for reporting reliable financial data in accordance with Generally Accepted Accounting Principles.

**Condition:** Adjusting journal entries were required so the financial statements were not materially misstated.

**Context:** Auditor proposed twenty eight journal entries.

**Cause/Effect:** Management is responsible for the financial statements and should be making the necessary adjustments prior to fieldwork.

**Recommendations:** We recommend that a review and evaluation of transactions and of the prior year adjusting journal entries would solve this issue.

**Management's Response:** We will review the prior year entries and consult our auditors prior to fieldwork so that the majority of the adjusting entries will be posted prior to giving the auditors the working trial balance.

**08-1 Finding Type – Significant Deficiency**

**Specific requirement:** Management is responsible for following approved policies and procedures .

**Condition:** The approved credit card policy is not being followed .

**Context:** Credit card statements are to be approved by the City Manager prior to going to the Accounts Payable clerk for payment .

**Cause/Effect:** Management is responsible for following approved policies and procedures .

**Recommendations:** We recommend that the City Manager approve all credit card statements prior to processing for payment or amend the current credit card policy .

**Management's Response:** We will amend the policy to conform to the City's purchasing policy .

**City of Greenville**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2008**  
**(continued)**

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**SECTION III - FEDERAL AWARD FINDINGS**

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2008.

**City of Greenville**  
**Summary Schedule of Prior Audit Findings**  
**June 30, 2008**

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**SECTION IV – PRIOR AUDIT FINDINGS**

Finding 07-1 has not been resolved during the fiscal year 07/08. See above finding 08-1.



7810 N. Alger Road  
Alma, MI 48801  
(989) 463-6108 / (800) 466-6168  
Fax (989) 463-8560

December 29, 2008

Management and the Board of Directors  
City of Greenville  
411 S. Lafayette St.  
Greenville, MI 48838

We have completed our audit of the financial statements of City of Greenville as of and for the year ended June 30, 2008 and have issued our report dated December 29, 2008. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The appendices to this letter set forth those communications as follows:

I Auditors' Communication of Significant Matters with Those Charged with Governance

II Management Comments

We discussed these matters with various personnel in the organization during the audit and with management. We would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of management, the Board of Directors, others within the organization, and are not intended to be and should not be used by anyone other than those specified parties.

*Yeo & Yeo, P.C.*

Alma, Michigan

Appendix I  
Communication to Those Charged with Governance

**Responsibilities under generally accepted auditing standards**

As stated in our engagement letter dated August 12, 2008, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Our responsibility, as prescribed by US GAAS, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects. Our audit does not relieve you of your responsibilities.

**Planned Scope and Timing of the Audit**

We performed the audit as outlined in our discussion with you related to planning matters in the engagement letter.

**Significant Audit Findings**

- Management is responsible for the selection and use of appropriate accounting policies. We will advise management about their appropriateness and application. The significant accounting policies are described in (Note 1) of the financial statements. There were no new policies or changes to existing policies for the year ended June 30, 2008. We noted no transactions entered into by the organization during the year where there is lack of authoritative guidance or consensus. There are no significant transactions that were recognized in a period other than which they occurred.
- Accounting estimates are based on management's knowledge and experience about past and current events and assumptions. Some estimates are sensitive because of their significance to the financial statements and the fact that future events affecting them may differ from those expected. The most sensitive accounting estimates and how they were derived by management are:
  - Management's estimate of compensated absences is based on vacation and sick time policies. We evaluated the key factors and assumptions used to develop the compensated absences estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Disclosures in the financial statements are neutral, consistent and clear. Certain disclosures are more sensitive than others due to their relevance to the users of the financial statements.

**Difficulties Encountered During the Audit**

We encountered no significant difficulties in dealing with management in performing our audit.

**Corrected and Uncorrected Misstatements**

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to

be trivial. The adjustments identified during the audit have been communicated to management and management has posted all adjustments. Management has determined that the effects of the uncorrected misstatements attached are immaterial both individually and in the aggregate, qualitatively and quantitatively, to the financial statements taken as a whole.

#### **Disagreements with Management**

A disagreement with management is defined as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, which could be significant, individually or in the aggregate to the financial statements or the auditor's report. We had no disagreements with management during the audit.

#### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

#### **Management's Consultations with Other Accountants**

From time to time, management may decide to consult with other accountants about audit and accounting matters. Should this occur, professional standards require the consulting accountant to communicate with us to determine that they have all the relevant facts. To our knowledge, there were no consultations with other accountants during the year.

#### **Significant Issues Discussed or Subject to Correspondence with Management**

From time to time auditors discuss significant issues with management such as business conditions affecting the entity, business plans and strategies that may affect the risk of material misstatement and the application of accounting principles and auditing standards. The issues discussed during the audit occurred during the normal course of our professional relationship and our responses were not a condition to our retention.

#### **Other Reports**

Other information that is required to be reported to you is included in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

Appendix II  
Management Comments

In planning and performing our audit of the financial statements of City of Greenville as of and for the year ended June 30, 2008, we considered City of Greenville internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of two matters that are opportunities for strengthening internal controls, improving operating efficiency and reducing expenses. This letter does not affect our report dated December 29, 2008, on the financial statements of City of Greenville. Our comments and recommendations regarding those matters are:

SEGREGATION OF DUTIES

During inquiry with City employees regarding internal control procedures for cash disbursements, it was noted that the accounts payable clerk prepares all checks, receives them back after they have been signed, and mails them. We suggest that another employee receive the checks after they have been signed, and mail them. This will increase the segregation of duties for cash disbursements.

RECORDING OF CAPITAL ASSETS

The City currently uses schedules in Excel to record capital assets. Maintaining an extensive list of capital assets in Excel is tedious to update, and increases the risk of recording errors. In the past two years prior period adjustments have been made related to errors in the capital asset Excel spreadsheets. We recommend that the City use a software program designed to record and maintain capital assets. This will improve the efficiency and accuracy of recording capital assets.



**ALG-CL-3.2: Summary of Audit Differences**

City of Greenville  
**SUMMARY OF AUDIT DIFFERENCES**  
 Capital Improvement Fund  
 Year Ended June 30, 2008

		Current Year Over (Under) Revenues and Expenditures/Expenses and Changes in Fund Balance/Equity
<b>Unadjusted audit differences:</b>		
Property taxes		\$5,101
[ ]		[ ]
[ ]		[ ]
[ ]		[ ]
[ ]		[ ]
[ ]		[ ]
[ ]		[ ]
[ ]		[ ]
[ ]		[ ]
[ ]		[ ]
[ ]		[ ]
<b>Cumulative effect (before effect of prior year differences)</b>		5,101
<b>Effect of unadjusted audit differences —prior year:</b>		
Property taxes		(1,428)
[ ]		[ ]
<b>Cumulative effect (after effect of prior year differences)</b>		<u>\$3,673</u>

		Statement(s) of Revenues and Expenditures/Expenses and Changes in Fund Balance/Equity
<b>Reclassification adjustments:</b>		
[ ]	Balance Sheet	\$[ ]
[ ]		[ ]
[ ]		[ ]

**ALG-CL-3.2: Summary of Audit Differences**

City of Greenville  
**SUMMARY OF AUDIT DIFFERENCES**  
Solid Waste  
Year Ended June 30, 2008

**Unadjusted audit differences:**

Garbage revenue analysis

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[ ]  
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[ ]

**Cumulative effect (before effect of prior year differences)****Effect of unadjusted audit differences —prior year:**

Garbage revenue analysis

[ ]

**Cumulative effect (after effect of prior year differences)**

**Current Year Over (Under)  
Revenues and  
Expenditures/Expenses  
and Changes in  
Fund Balance/Equity**

\$1,853

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[ ]

1,853

(7,140)

[ ]

(\$5,287)

**Statement(s) of  
Revenues and  
Expenditures/Expenses  
and Changes in  
Fund Balance/Equity**

**Reclassification adjustments:**

[ ]  
[ ]  
[ ]

**Balance Sheet**

\$[ ]  
[ ]  
[ ]

\$[ ]  
[ ]  
[ ]

**ALG-CL-3.2: Summary of Audit Differences**

City of Greenville  
**SUMMARY OF AUDIT DIFFERENCES**  
 Sewer  
 Year Ended June 30, 2008

	Current Year Over (Under) Revenues and Expenditures/Expenses and Changes in Fund Balance/Equity
<b>Unadjusted audit differences:</b>	
None	\$0
[   ]	[   ]
[   ]	[   ]
[   ]	[   ]
[   ]	[   ]
[   ]	[   ]
[   ]	[   ]
[   ]	[   ]
[   ]	[   ]
[   ]	[   ]
[   ]	[   ]
<b>Cumulative effect (before effect of prior year differences)</b>	0
<b>Effect of unadjusted audit differences —prior year:</b>	
A/R - customer	(2,787)
[   ]	[   ]
<b>Cumulative effect (after effect of prior year differences)</b>	<u>(\$2,787)</u>

	Balance Sheet	Statement(s) of Revenues and Expenditures/Expenses and Changes in Fund Balance/Equity
<b>Reclassification adjustments:</b>		
[   ]	\$[   ]	\$[   ]
[   ]	[   ]	[   ]
[   ]	[   ]	[   ]

**ALG-CL-3.2: Summary of Audit Differences**

City of Greenville  
**SUMMARY OF AUDIT DIFFERENCES**  
 Water & Water Improvement  
 Year Ended June 30, 2008

**Unadjusted audit differences:**

Water revenue analysis

[ ]  
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**Cumulative effect (before effect of prior year differences)****Effect of unadjusted audit differences —prior year:**

A/R - customer

[ ]

**Cumulative effect (after effect of prior year differences)**

**Current Year Over (Under)  
 Revenues and  
 Expenditures/Expenses  
 and Changes in  
 Fund Balance/Equity**

\$1,971

[ ]  
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1,971

2,753

[ ]

\$4,724

**Statement(s) of  
 Revenues and  
 Expenditures/Expenses  
 and Changes in  
 Fund Balance/Equity**

**Reclassification adjustments:**

[ ]  
 [ ]  
 [ ]

**Balance Sheet**

\$[ ]  
 [ ]  
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\$[ ]  
 [ ]  
 [ ]

**ALG-CL-3.2: Summary of Audit Differences**

City of Greenville  
**SUMMARY OF AUDIT DIFFERENCES**  
 Local Street Fund  
 Year Ended June 30, 2008

		Current Year Over (Under) Revenues and Expenditures/Expenses and Changes in Fund Balance/Equity
<b>Unadjusted audit differences:</b>		
Taxes		\$1,410
[ ]		[ ]
[ ]		[ ]
[ ]		[ ]
[ ]		[ ]
[ ]		[ ]
[ ]		[ ]
[ ]		[ ]
[ ]		[ ]
[ ]		[ ]
[ ]		[ ]
<b>Cumulative effect (before effect of prior year differences)</b>		1,410
<b>Effect of unadjusted audit differences —prior year:</b>		
[ ]		[ ]
<b>Cumulative effect (after effect of prior year differences)</b>		<u>\$1,410</u>

		Statement(s) of Revenues and Expenditures/Expenses and Changes in Fund Balance/Equity
<b>Reclassification adjustments:</b>	<b>Balance Sheet</b>	
[ ]	\$[ ]	\$[ ]
[ ]	[ ]	[ ]
[ ]	[ ]	[ ]

**ALG-CL-3.2: Summary of Audit Differences**

City of Greenville  
**SUMMARY OF AUDIT DIFFERENCES**  
 General Fund  
 Year Ended June 30, 2008

	<b>Current Year Over (Under) Revenues and Expenditures/Expenses and Changes in Fund Balance/Equity</b>
<b>Unadjusted audit differences:</b>	
Property taxes	\$7,589
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]
<b>Cumulative effect (before effect of prior year differences)</b>	7,589
<b>Effect of unadjusted audit differences —prior year:</b>	
Property taxes	(2,538)
[ ]	[ ]
<b>Cumulative effect (after effect of prior year differences)</b>	<u>\$5,051</u>

	<b>Balance Sheet</b>	<b>Statement(s) of Revenues and Expenditures/Expenses and Changes in Fund Balance/Equity</b>
<b>Reclassification adjustments:</b>		
[ ]	\$[ ]	\$[ ]
[ ]	[ ]	[ ]
[ ]	[ ]	[ ]